

APPENDIX A

Settlement Agreement

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Pacific Gas and Electric Company; Notice of Opportunity for Hearing; and Order to Show Cause Why the Commission Should Not Impose Fines and Sanctions for the June 19, 2012 Incident at the Kern Power Plant.

Investigation 14-08-022

**SETTLEMENT AGREEMENT AND CORRECTIVE ACTION
PLAN OF PACIFIC GAS AND ELECTRIC COMPANY**

In accordance with Rule 12 of the California Public Utilities Commission's ("CPUC" or "Commission") Rules of Practice and Procedure, Pacific Gas and Electric Company ("PG&E"), the Safety and Enforcement Division of the California Public Utilities Commission ("SED"), and the Bayview/Hunters Point Community Legal ("BHP Community Legal") (hereinafter collectively referred to as the "Settling Parties") hereby agree to settle and resolve the above-captioned Order Instituting Investigation ("Kern Power Plant OII"), on the following terms and conditions, which shall become effective on the Effective Date (as defined below).

SED is a Division of the Commission charged with enforcing compliance with the Public Utilities Code and other utility laws, and the Commission's rules, regulations, orders and decisions. SED is also responsible for assisting the Commission in promoting public safety. PG&E is an investor-owned utility subject to the Commission's jurisdiction under the Public Utilities Code. BHP Community Legal is a California, nonprofit, public benefit corporation with a mission of solving injustice by providing legal services for people who live and work in the Bayview and Hunters Point and adjacent neighborhoods.

PG&E, SED and BHP Community Legal agree to the following terms and conditions as a complete and final resolution of the Kern Power Plant OII:

1. **BACKGROUND AND PROCEDURAL HISTORY**

1.1 PG&E hired Cleveland Wrecking Company (“Cleveland”) to demolish the Kern Power Plant (“Kern”) located in Bakersfield, California. PG&E owned the facility, which has been shut-down since 1985. On June 19, 2012, a contract worker was fatally injured while dismantling an unused fuel oil tank at Kern.

1.2 The Division of Occupational Safety and Health of the California Department of Industrial Relations (known as Cal/OSHA) investigated the incident, cited the independent contractor for violations of Cal/OSHA standards and did not cite PG&E.

1.3 SED opened a safety incident investigation to (1) identify potential causal factors; (2) ensure that PG&E conducted a thorough root cause analysis; and (3) determine corrective actions that PG&E should take to reduce the risks of similar incidents in the future. The Electric Safety and Reliability Branch (ESRB) of SED undertook the investigation.

1.4 On June 28, 2012, SED inspected the site and interviewed PG&E and Cleveland’s staff. SED instructed PG&E to suspend tank demolition and not begin boiler demolition until PG&E conducted a root cause analysis. SED followed up the inspection with data requests dated June 29, 2012 and July 6, 2012.

1.5 On November 14, 2012, PG&E provided SED with a report prepared by Cleveland and its parent company, URS Corporation (“URS”), labeled root cause analysis which included an updated Demolition Program Enhancement Plan. PG&E also provided SED with an internal assessment of the process used to select Cleveland, which included corrective actions for PG&E’s Contractor Safety Program.

1.6 In December 2012, PG&E hired Bureau Veritas (“BV”) to conduct a root cause analysis of the incident.

1.7 On March 17, 2013, PG&E submitted to SED a root cause analysis of the incident prepared by BV. Although PG&E disagreed with portions of the cause evaluation in the BV

report, PG&E believes that the BV report was constructive in suggesting process improvements for PG&E's consideration going forward.

1.8 On June 7, 2013, SED allowed PG&E to resume fuel tank demolition. In mid-June 2013, PG&E's contractor completed the fuel tank demolition without incident.

1.9 On August 3, 2013, several members of the public were injured, one critically, during the scheduled implosion of the steam boilers at Kern. SED and Cal/OSHA are investigating this second Kern incident.

1.10 SED compiled the results of its investigation into the Kern incident in its "Investigation Report of the June 19, 2012 Fatality at the Kern Power Plant Owned by Pacific Gas and Electric Company" dated August 2014 ("SED Investigation Report"). In the Investigation Report, SED found that:

- PG&E failed to actively manage and oversee work performed by contractors, accept responsibility for work conducted on PG&E facilities, review contractor work plans, and ensure the safety of workers at the jobsite;
- PG&E failed to adequately evaluate and rank contractor qualifications, including the contractors' own safety data and programs; and
- PG&E failed to conduct and submit a timely and comprehensive root cause analysis to SED.

The SED Investigation Report also contains eleven recommendations for improvement, which are summarized in Attachment 1.

1.11 On August 28, 2014, based on the findings in the August 2014 SED Investigation Report, the Commission issued the Kern Power Plant OII, instituting a formal investigation to determine if PG&E violated State requirements, Commission rules, general orders or decisions, or other applicable laws, rules or regulations for (1) failing to maintain a safe system; (2)

improperly delegating its duty to maintain a safe system to a third party contractor; and (3) failing to adequately investigate incidents to identify and implement corrective actions.

1.12 The OII ordered PG&E to show cause why the Commission should not make a finding that PG&E violated California Public Utilities Code Section 451 by failing to furnish and maintain equipment and facilities to promote the safety of its patrons, employees and the public; and Decision (D.) 04-04-065 by unlawfully delegating responsibility for safely demolishing the fuel tanks to an outside contractor.

1.13 The OII informed PG&E that, pursuant to Public Utilities Code Sections 2107 and 2108, the Commission may impose penalties in the amount of \$500 to \$50,000 per day per offense. Pursuant to Public Utilities Code Section 2104.5, such penalties shall be payable into the State Treasury to the credit of the General Fund within 10 days after the decision approving the Settlement is non-appealable.

1.14 On October 1, 2014, BHP Community Legal filed an unopposed motion for party status. The Administrative Law Judge granted the motion on October 30, 2014. On October 21, 2014, BHP Community Legal filed a notice to claim intervenor compensation (“NOI”). BHP Community Legal’s concerns, as stated in its motion and NOI focus largely on the contractor standards that would govern future demolition and site remediation work at the Potrero Power Plant and Hunters Point Power Plant in San Francisco. As directed by the Assigned Commissioner’s November 19, 2014 Ruling and Scoping Memo, PG&E and SED met and conferred with BHP Community Legal to address their concerns regarding the allegations in the Kern OII and included BHP Community Legal in settlement discussions. In the course of these discussions, PG&E clarified the scope of work left to be done by PG&E in connection with the demolition and site remediation of the Hunters Point Power Plant and Potrero Power Plant, described the work to be done by contractors, and agreed that the Contractor Safety Program established in this Settlement Agreement will apply to such work.

1.15 To address the conclusions and recommendations in the SED Investigation Report, fully resolve the issues in the Kern Power Plant OII, and avoid the risks and costs of litigation, SED, BHP Community Legal and PG&E enter into this “Settlement Agreement and Corrective Action Plan of Pacific Gas and Electric Company” (“Agreement”).

2. SETTLEMENT OF ISSUES AND CORRECTIVE ACTION PLAN

2.1 Overview

PG&E acknowledges as an owner and operator of utility facilities that, with respect to activities that are a necessary part of its business, it cannot delegate responsibility for compliance with Commission safety rules and regulations to an independent contractor, as set forth in Snyder v. Southern California Edison Co., 44 Cal.2d 793, 799-801 (1955).

This Agreement sets forth corrective actions, including new and revised programs that PG&E will implement in response to the conclusions and findings in the SED Investigation Report. Attachments 2, 3, and 4 to this Agreement contain PG&E’s proposed standards to implement the corrective actions adopted in the Agreement. SED agrees that the provisions in this Settlement Agreement and Attachments 2 through 4 provide a sound framework for the Corrective Action Plan. If properly implemented and maintained, this Corrective Action Plan will resolve SED’s conclusions and recommendations in the SED Investigation Report. As PG&E revises and implements these standards, it shall continue to be responsible for full compliance with this Agreement. The Agreement includes a number of implementation deadlines for the standards in Attachments 2, 3 and 4. Attachment 5 summarizes these implementation deadlines.

Nothing in this Agreement, or attachments, shall be interpreted to modify PG&E’s responsibility to provide a safe system, and to comply with State requirements, Commission rules, general orders or decisions, or other applicable laws, rules or regulations. PG&E shall

ensure that other applicable PG&E programs and procedures addressing contractor safety or causal analysis of Serious Safety Incidents shall be revised to be consistent with this Agreement.

Attachment 1 to this Agreement summarizes SED's conclusions and recommendations and provides an overview of where they are addressed in the Agreement.

This Agreement includes a monetary penalty settlement pursuant to Public Utilities Code Sections 2104.5, 2107 and 2108.

2.2 Contractor Safety Program

PG&E will implement a PG&E Contractor Safety Program Standard ("Contractor Safety Standard") that contains the following elements: (a) safety standards for pre-qualification of contractors; (b) standard safety contract terms; (c) safety oversight of contractors; (d) post-project safety evaluations and capturing/sharing of lessons learned, and (e) PG&E's Safety, Health and Environment Department assessment and oversight of Line of Business (defined as Electric Operations, Gas Operations, Nuclear, Information Technology, Customer Care and Safety and Shared Services) implementation of this standard. The Contractor Safety Program applies to "high risk" and "medium risk" work, as defined in the Contractor Safety Standard. The Contractor Safety Standard defines "low risk" work but most of the elements of the Contractor Safety Program do not apply to low risk work. The current form of the PG&E Contractor Safety Standard is set forth in Attachment 2 to this Agreement.

(a) Safety Standards For Pre-Qualification Of Contractors

The Contractor Safety Standard establishes minimum requirements for the pre-qualification of contractors and subcontractors performing work for PG&E. PG&E will pre-qualify under the Contractor Safety Program its contractors performing high risk and medium risk work by the end of 2015 and its subcontractors performing high and medium risk work by the end of 2016. PG&E will provide quarterly status updates to SED on its progress pre-qualifying contractors and subcontractors in the Contractor Safety Program until the program is fully implemented by December 31, 2016. The Contractor Safety Program does not apply to

other utilities, governmental entities or third parties that have rights to perform work on PG&E facilities under Commission decisions and rules, pursuant to tariffs (e.g., PG&E Electric Gas Rules 15 and 16 and Electric Rule 20¹) or under easement/license, franchise, service or other agreements.

As part of the pre-qualification process, PG&E will institute new practices to verify contractors' and subcontractors' historical safety data. PG&E plans to use an independent third party administrator to aid in this process. In addition, contractors and subcontractors will be required to provide their safety, drug/alcohol, and disciplinary programs as part of the pre-qualification process. The third party administrator will evaluate the safety data as part of the contractor selection process and will "flag" contractors with performance that is worse than industry average for that industry classification. Contractors that are "flagged" will either be disqualified by PG&E or reviewed as part of a governance process that will evaluate business need, contractor improvement plans and other mitigating factors. The decision to hire a flagged

¹ Other utilities, governmental entities and applicant installers (or their contractors) have the right under Commission decisions and rules, pursuant to tariffs, or under easement/license, franchise, service or other agreements to perform work on PG&E facilities. Examples include: 1) Joint Pole Agreements: All utilities (including their contractors) have the right to climb the jointly owned pole to reach their wires and perform work on their infrastructure without notifying any other joint pole owner or occupant; 2) Undergrounding of Overhead Utilities and Joint Trench of New Utilities: When installing underground utility lines or trenching, utilities (including municipal utilities) coordinate work. The trenching work is typically performed by one of the participating utilities, who may also act as lead in the underground construction activities and they are responsible for the safe performance of their own work; 3) Franchise Agreements: When governmental entities perform work in streets or roads, the utility's franchise agreement requires the relocation of the lines in conflict with the work being performed by the governmental entity. Rather than having city and utility workers try to work in the same street at the same time, governmental entities frequently enter into agreements to facilitate and coordinate this work. Often, the city or its contractor will remove or relocate the other utilities' lines leaving the utilities responsible for just the reconnections or tie-ins; and 4) Applicant WRO Projects: The relocation of existing utility lines at the request of a developer or third party is known as Work Requested by Others (WRO). Existing line extension tariffs (PG&E Electric and Gas Rules 15 and 16 and Electric Rule 20) allow private developers to install new utility lines and to relocate existing gas or electric distribution lines on the property under the same rules. The applicant installers, or their contractors, are responsible for the safe performance of their work while utilities are responsible for just the reconnections or tie-ins. PG&E Electric and Gas Rules 15 and 16 and Electric Rule 20, <http://www.pge.com/tariffs/>

contractor subject to the governance process requires written approval by the Safety, Health and Environment Department and a director or officer in the Line of Business.

PG&E has currently hired a third party administrator, PICS Auditing, LLC., to manage the pre-qualification process and to provide an electronic repository of contractor safety pre-qualification data, although it reserves the right to change third party administrators in the future.

PG&E remains responsible for the performance of its contractor pre-qualification program whether it is implemented internally or by third parties. PG&E will evaluate the safety data of the contractor entity that will actually perform the work where such data is available to the contractor, even if, for commercial purposes, the contract is signed with the parent company. In RFPs for new contractor services, contractors will be required to provide year-to-date safety and injury data and data regarding Serious Safety Incidents affecting the public. Because industry-wide data regarding Serious Safety Incidents affecting the public is generally not available, PG&E will evaluate such data on a qualitative basis to evaluate where the contractor should be disqualified from consideration or if additional safety mitigation measures should be required. Subsequent to the hiring of an independent contractor, PG&E will require the contractor to annually update employee and public safety data. PG&E will require that bidders and contractors attest to the accuracy of safety data. PG&E will implement procedures to ensure that incomplete or missing safety data provided from the contractor is not erroneously recorded by PG&E as a "0" factor in PG&E's data base. SED agrees that PG&E's hiring of a third party administrator to manage the pre-qualification process does not violate PG&E's obligations under Snyder v. Southern California Edison Co., 44 Cal.2d 793, 799-801 (1955); however, it is PG&E's responsibility to hire and manage the third party administrator in a prudent and reasonable manner and in compliance with the Public Utilities Code and applicable Commission rules, regulations, orders and decisions.

(b) Standard Safety Contract Terms

PG&E will enhance its standard contract terms to address contractor safety. The

enhanced standard terms will be incorporated into all new high and medium risk contracts (as defined in the Contractor Safety Standard) entered into after the Effective Date, subject to the governance process described below. The current form of the PG&E Contractor Safety Program Standard Contract Requirements is set forth in Attachment 3 to this Agreement. By the end of 2016, PG&E will amend existing high and medium risk contracts to incorporate the enhanced Contractor Safety Program Standard Contract Requirements, subject to the governance process described below. Among the enhancements to the Contractor Safety Program Standard Contract Requirements is that, following a serious public or worker safety incident, the contractor will conduct a causal evaluation, share the analysis with PG&E, and cooperate and assist with PG&E's causal evaluation analysis and corrective actions for the incident, and regulatory investigations and inquiries, including but not limited to SED's investigations and inquiries.

In addition, under the Contractor Safety Program Standard Contract Requirements, the contractor is obligated to:

- Recognize and agree that safety is of paramount importance;
- Perform the work safely and in compliance with PG&E's Contractor Safety Program;
- Safeguard persons and property from injury;
- Comply with all applicable federal, state and local laws, rules and regulations, including all CPUC rules and regulations;
- Train their employees and subcontractors on safety and health rules and standards;
- Inspect all materials, tools, equipment and facilities for safety;
- Provide at least minimum levels of insurance as required by PG&E's insurance department;
- Require that workers be fit for duty and comply with the drug and alcohol programs of PG&E and applicable regulatory requirements;

- Stop work as necessary to ensure compliance with safe work practices and applicable federal, state and local laws, rules and regulations.

Under the Contractor Safety Program Standard Contract Requirements, PG&E has the right to:

- Designate safety precautions in addition to those in use or proposed by the contractor;
- Stop work to ensure compliance with safe work practices and applicable federal, state and local laws, rules and regulations;
- Require the contractor to provide additional safeguards beyond what the contractor plans to utilize;
- Terminate the contractor for cause in the event of a serious incident or failure to comply with PG&E's safety precautions; and
- Review and approve criteria for work plans, which include safety plans.

It may be necessary for PG&E to modify or deviate from the enhanced Contractor Safety Program Standard Contract Requirements on a case by case basis to address business needs. The decision to modify or deviate from the enhanced Contractor Safety Program Standard Contract Requirements in a contractor agreement will be subject to the governance process that requires approval of the modified terms and conditions by the Safety, Health and Environment Department and an Officer in the Line of Business. PG&E, however, remains responsible for implementing and maintaining the Corrective Action Plan set forth in this Agreement and for any modifications or deviations that it undertakes.

(c) Safety Oversight Of Contractors

The Contractor Safety Standard provides guidance on the roles and responsibilities of PG&E employees who manage and oversee contractors engaged in high or medium risk work. Each PG&E Line of Business and organization engaged in high or medium risk work, by the end of 2015, will develop and approve contractor oversight procedures to implement the Contractor

Safety Standard in a manner that is tailored to address unique business characteristics and needs. These procedures shall be implemented by the end of 2016.

For high risk work performed by a contractor, the Contractor Safety Standard will require the contractor to provide a project-specific safety plan for the work to be performed. The safety plan for such high risk work will address the training qualifications and staffing plans for safety professionals that the contractor will have overseeing the project. The level of detail of the safety plans will be sufficient to allow qualified PG&E staff to assess the risk of the project. Prior to commencement of work by the contractor, PG&E will review the adequacy of the safety plan, including contractor safety personnel qualifications where applicable, and perform a safety assessment to evaluate whether additional safety mitigations are required, including whether to assign PG&E onsite safety personnel. Such review will be conducted by PG&E employees that are qualified to perform such work or PG&E will engage third party experts as appropriate to perform the safety analysis. SED agrees that PG&E's hiring of any such third party experts to perform the foregoing safety analysis does not violate PG&E's obligations under Snyder v. Southern California Edison Co., 44 Cal.2d 793, 799-801 (1955); however, it is PG&E's responsibility to hire and manage the third party experts in a prudent and reasonable manner and in compliance with the Public Utilities Code and applicable Commission rules, regulations, orders and decisions.

The PG&E Line of Business contractor oversight procedures will specify the level of contractor oversight and frequency of safety observations. PG&E will share a sample Line of Business contractor oversight procedure with SED for comment and review by March 1, 2015. In addition, for high risk work, the Line of Business oversight procedures will address how to determine whether PG&E will assign its own onsite safety personnel, who must be formally trained in safety management and incident cause evaluation. Implementation of the oversight procedures by the Lines of Business will be audited via field observations on a periodic basis described in the procedure itself. PG&E will make the results of the field observations available to SED on a mutually agreeable schedule.

(d) Post-Project Safety Evaluations

The Contractor Safety Standard requires PG&E to conduct a post-project safety evaluation of the contractor for high and medium risk work at the conclusion of the project, the results of which will be shared across the enterprise to identify lessons learned. This post-project safety evaluation does not limit any needed safety evaluations during the course of the project. The results of the Contractor's safety performance evaluation at the conclusion of the project will be considered as part of future contract award decisions. In addition, the Safety, Health and Environment Department will evaluate and implement by the end of 2015 a system for flagging problematic contractors and capturing lessons learned from the contractor evaluations that can be shared, as appropriate, across the enterprise.

(e) PG&E Safety, Health and Environment Department Assessment and Oversight

The PG&E Safety, Health and Environment Department will assess and oversee Line of Business implementation of this standard on an ongoing basis.

(f) The current form of the PG&E Contractor Safety Standard is set forth in Attachment 2 to this Agreement. The Contractor Safety Standard will become effective on the Effective Date of this Agreement. The standard will be reviewed on at least an annual basis and will be subject to modification, within the terms of this Agreement, at PG&E's discretion. SED agrees that the Contractor Safety Standard provides a sound framework for the Corrective Action Plan. If properly implemented and maintained, this element of the overall Corrective Action Plan will resolve SED's associated conclusions and recommendations in its Investigation Report. As PG&E revises and implements this standard it shall continue to be responsible for full compliance with this Agreement.

2.3 Enterprise Causal Evaluation Standard

(a) PG&E will implement a PG&E Enterprise Causal Evaluation Standard ("Causal Evaluation Standard") with the following objectives:

- The Causal Evaluation Standard will provide enterprise-wide guidance for causal evaluations for serious safety incidents, including (i) when a causal evaluation should be conducted, (ii) the extent of the evaluation, e.g., whether a root cause or other causal evaluation is required, (iii) the attributes of the evaluation team, (iv) the methods to be used to analyze incidents, subject to a significance criteria; (v) a requirement that corrective or preventive actions be identified, implemented, tracked, and their effectiveness evaluated; and (vi) a process for broadly communicating the results of the causal evaluation to potentially impacted organizations across the enterprise.
- The Causal Evaluation Standard will apply to “near-hit” events.
- The Causal Evaluation Standard will require development of a training plan for personnel that will be engaged in causal evaluations. The training plan will also address training of causal evaluation team members on the fundamentals of causal evaluations.
- The Causal Evaluation Standard will establish high level guidance for consistent and thorough causal evaluation of significant safety incidents. Each Line of Business will develop a detailed procedure to implement the Causal Evaluation Standard that will be tailored to address the unique characteristics and needs of the Line of Business.
- The Causal Evaluation Standard will establish a Cross Functional CE Review Committee responsible for reviewing RCE reports identifying trends and monitoring performance. The committee will be responsible for validating compliance with the Enterprise Causal Evaluation Standard and identifying opportunities for continued improvement. By the end of 2015, PG&E will establish the Cross Functional CE Review Committee and its organizational reporting requirements, including a clear designation of company responsibility for overseeing implementation of the Enterprise Causal Evaluation Standard.

(b) The current form of the PG&E Enterprise Causal Evaluation Standard is set forth in Attachment 4 to this Agreement. The standard will be reviewed on at least an annual basis and will be subject to modification, within the terms of this Agreement, at PG&E's discretion. SED agrees that the Enterprise Causal Evaluation Standard provides a sound framework for the Corrective Action Plan. If properly implemented and maintained, this element of the Corrective Action Plan will resolve SED's associated conclusions and recommendations in its Investigation report. As PG&E revises and implements this standard it shall continue to be responsible for full compliance with this Agreement. The Causal Evaluation Standard will become effective on the Effective Date of this Agreement. Nothing in this Agreement precludes SED or the Commission from directing PG&E to undertake a Root Cause Evaluation or other causal evaluation for any incident. Each Line of Business will approve procedures implementing the Causal Evaluation Standard by June 1, 2015 and implement the procedures by the end of 2015.

2.4 Resolution of SED Incident Conclusions

(a) Conclusion 7.1

Conclusion 7.1 in the SED Investigation Report states: "PG&E failed to actively manage and oversee work performed by contractors, accept responsibility for work conducted on PG&E facilities, review contractor work plans, and ensure the safety of workers at the jobsite." PG&E admits that, because it was lacking in expertise in power plant demolition projects, it sought to transfer primary responsibility for safety and safety oversight for activities taking place at the Kern site to the independent contractor through its contract with the independent contractor. In so doing, PG&E deferred to the expertise of the contractor and the subcontractors selected by the contractor in how to safely conduct the job. PG&E acknowledges that it cannot delegate responsibility for compliance with applicable Commission safety rules and regulations to an independent contractor, as set forth in Snyder v. Southern California Edison Co., 44 Cal.2d 793, 799-801 (1955). The Settling Parties agree that, on a going forward basis, it is appropriate and

reasonable for PG&E (i) to require that a contractor maintain a safe workplace for the contractor's workers, in accordance with PG&E's Contractor Safety Program and the corrective actions specified in this Agreement; and (ii) to hold a contractor to specified safety standards in a contract and to enforce the contract and to seek damages, including a right to indemnification, for a breach of contract obligations by the contractor.

PG&E admits that the role and responsibilities of its on-site representative were not clearly defined, PG&E's on-site representative lacked formal training in safety management and risk assessment, and PG&E's on-site representative did not evaluate the contractor's work plans for demolition of the fuel oil tank to determine if they differed from the written Demolition Work Plan.

PG&E admits that at the time of the incident it did not have an effective causal evaluation standard and that there were not clear lines of responsibility and autonomy across PG&E lines of business for incident investigation and corrective action implementation.

As set forth in this Agreement, PG&E agrees to a number of corrective actions that address the concerns raised in Conclusion 7.1. The Contractor Safety Standard addresses: (a) safety standards for pre-qualification of contractors; (b) standard safety contract terms; (c) safety oversight of contractors, (d) post-project safety evaluations and capturing/sharing of lessons learned, and (e) PG&E Safety, Health and Environment Department assessment and oversight of Line of Business implementation of this standard. On a going forward basis, PG&E will require contractors performing high risk work to prepare a project-specific safety plan and PG&E will review the adequacy of the safety plan, including contractor safety personnel qualifications where applicable, and perform a safety assessment to evaluate whether additional safety mitigations are required. Such review will be conducted by PG&E employees that are qualified to perform such work or PG&E will engage third party experts as appropriate to perform the safety analysis. Future tank demolition projects similar to the Kern project will be subject to these high risk work provisions in the Contractor Safety Standard.

In addition to the corrective actions specified in Section 2 of the Agreement, the Parties agree to the following fines and disallowances associated with Conclusion 7.1:

- PG&E will reimburse customers for costs associated with work performed by the contractor to dismantle the fuel tanks at Kern. PG&E's shareholders will contribute \$344,313 as an offset in Kern Power Plant decommissioning project costs.
- In settlement of the allegations that PG&E failed to provide adequate safety oversight over the contractor demolishing Kern and that the contractor engaged in an unsafe work practice that resulted in a fatality, PG&E's shareholders will contribute \$1,500,000 as an offset in Kern Power Plant decommissioning project costs and pay a fine of \$2,200,000 into the State Treasury to the credit of the General Fund within 10 days after the decision approving the Settlement is non-appealable.

(b) Conclusion 7.2

Conclusion 7.2 in the SED Investigation Report states: "PG&E failed to adequately evaluate and rank contractor qualifications, including contractors' own safety data and programs." PG&E admits that (1) the bid evaluation score card for the contractor indicated zero 2011 year to date recordable injuries; (2) this was the safety data provided by the contractor to PG&E in its bid; and (3) PG&E later learned that the contractor in fact incurred five recordable injuries in 2011. PG&E admits that it did not independently verify the safety data provided by the contractor.

PG&E acknowledges that relying solely on Cal/OSHA reportable incidents may not yield an accurate assessment of a contractor's overall safety performance. Thus, PG&E agrees that, on a going forward basis, under the Contractor Safety Standard, PG&E will modify its contractor selection procedures, independently verify contractor safety information, conduct post-project

safety evaluations, and capture/share lessons learned across the enterprise, as set forth in this Agreement.

In addition to the corrective actions specified in Section 2 of the Agreement, the Parties agree to the following fines and disallowances associated with Conclusion 7.2:

- As part of the overall consideration for the settlement, PG&E's shareholders will make a one-time contribution of \$1,000,000 to offset the ongoing costs associated with implementation of the Contractor Safety Program. This cost disallowance will be implemented as an offset to Kern Power Plant decommissioning project costs.
- In settlement of the allegation that PG&E did not accurately review and verify contractor safety data as part of the bid evaluation process, PG&E will pay a fine of \$50,000 into the State Treasury to the credit of the General Fund within 10 days after the decision approving the Settlement is non-appealable.

(c) Conclusion 7.3

Conclusion 7.3 in the SED Investigation Report states: "PG&E failed to conduct and submit a timely and comprehensive root cause analysis to ESRB." PG&E admits it did not promptly initiate its own root cause analysis of the incident. PG&E told SED on August 22, 2012 that it did not intend to conduct a root cause analysis. PG&E provided to SED: (1) Cleveland's preliminary incident report and program enhancement plan on July 26, 2012; (2) a root cause analysis prepared by Cleveland and its parent company URS on November 14, 2012; (3) an internal PG&E assessment of the contractor selection process on November 14, 2012; and (4) a third party root cause analysis performed by BV (at PG&E's request) on March 17, 2013. PG&E admits that it did not critique or seek to correct technical aspects of the BV root cause analysis report with which it disagreed. PG&E admits that, overall, its management of the cause evaluation of the June 19, 2012 incident at Kern was not proactive.

PG&E agrees, on a going forward basis, to implement an enterprise wide causal evaluation standard requiring a root cause analysis of serious safety events and to require contractors to participate in and cooperate with safety incident evaluations, as set forth in this Agreement.

In addition to the corrective actions specified in Section 2 of the Agreement, the Parties agree to the following fines and disallowances associated with Conclusion 7.3:

- In settlement of the allegation that PG&E failed to conduct a timely and comprehensive root cause analysis, PG&E's shareholders will contribute \$425,000 as an offset to Kern Power Plant decommissioning project costs and pay a fine of \$50,000 into the State Treasury to the credit of the General Fund within 10 days after the decision approving the Settlement is non-appealable.

(d) Implementation of Disallowances and Fines

The following table summarizes the cost disallowances and fines included in the Agreement:

	Rate-making Adjustment	Fine
Disallowance of Project Costs	\$344,313	\$0
Root Cause Issues	\$425,000	\$50,000
Contractor Oversight	\$1,500,000	\$2,200,000
Contractor Safety Program	\$1,000,000	\$50,000
Subtotal	\$3,269,313	\$2,300,000
Total	\$5,569,313	

PG&E will establish accounting procedures to track these cost disallowances and fines and to ensure that these expenditures are excluded, in perpetuity, from rate recovery or any ratemaking proceeding. Upon SED's request, PG&E shall produce such accounting documents or other records to demonstrate to SED's satisfaction that the entirety of the fine has been borne

by shareholders in accordance with the terms of this agreement and that PG&E has established the required accounting procedures.

PG&E will implement the cost disallowances in its 2017 General Rate Case application as a reduction to its Kern Power Plant decommissioning project costs. This amount will be disallowed from rate recovery and borne by PG&E's shareholders. Pursuant to P.U. Code Section 2104.5, fines will be paid into the State Treasury to the credit of the General Fund.

Nothing in this Agreement precludes PG&E seeking reimbursement of unrecoverable decommissioning project costs or fines from the contractor or otherwise holding the contractor accountable for its negligence or breaches of contract.

2.5 August 3, 2013 Kern Power Plant Incident

The SED investigation of the August 3, 2013 incident at the Kern Power Plant is not complete. However, based on information received to date, the Parties anticipate that many if not all of the concerns that may arise in connection with the August 3, 2013 incident may be resolved by the corrective actions adopted in Section 2 of this Agreement. SED will take into account the corrective actions, disallowances, fines and penalties adopted in this Agreement as part of its investigation of the August 3, 2013 incident. As part of the investigation process, SED will evaluate the adequacy of the corrective actions adopted in the Agreement and any new proposed corrective actions PG&E has implemented resulting from the August 3, 2013 incident. The final investigation report for the August 3, 2013 incident will include SED's recommendation on whether the investigation should be closed with no further action or if additional Commission proceedings are advised. Nothing in this Agreement binds the Commission with respect to the August 3, 2013 incident, including without limitation the Commission's authority to require additional fines, penalties and disallowances associated with the August 3, 2013 incident.

3. GENERAL PROVISIONS AND RESERVATIONS

3.1 As a general compromise of their litigation positions, the Settling Parties hereby agree that this Agreement resolves all disputed issues in the Kern Power Plant OII.

3.2 In accordance with Commission Rule 12.5, the Settling Parties agree that this Agreement does not constitute precedent regarding any principle or issue in this proceeding or in any future proceeding, except as specified in Section 2.5.

3.3 The Settling Parties shall jointly request Commission approval of this Agreement and agree to actively support prompt approval of the Agreement.

3.4 This Settlement Agreement may be amended or changed only by a written agreement signed by the Settling Parties and approved by the Commission. Notwithstanding the foregoing sentence, PG&E and SED may agree, on a going forward basis, to modify or change the requirements of the Contractor Safety Standard or the Enterprise Causal Evaluation Standard. Such going forward modifications or changes to the Contractor Safety Standard or the Enterprise Causal Evaluation Standard shall be reflected in a written agreement signed by PG&E and SED and may become effective without the approval of the Commission or any other party.

3.5 Effective Date: This Agreement shall become effective among the Settling Parties, if approved by the Commission, on the date that such Commission approval becomes final and non-appealable. In the event the Commission rejects or modifies the Agreement, Settling Parties reserve all rights set forth in Rule 12.4 of the Commission's Rules of Practice and Procedure.

3.6 This Agreement embodies the Settling Parties' entire understanding of the matters described here and supersedes any and all prior oral or written agreements, principles, negotiations, statements or understanding between the Settling Parties. The Settling Parties have bargained in good faith to achieve this Settlement Agreement. The Settling Parties intend the Settlement Agreement to be interpreted as a unified, integrated agreement. The Settling Parties have contributed to the preparation of this Settlement Agreement. Accordingly, the Settling

Parties agree that no provision of the Settlement Agreement shall be construed against any party because that party or its counsel drafted the provision. The section headings contained in this Settlement Agreement are solely for reference, are not part of the Settling Parties' Agreement, and shall not in any way affect the meaning or interpretation of the Settlement Agreement.

3.7 The rights conferred and obligations imposed on any party by the Agreement shall inure to the benefit of or be binding on that party's successor in interest or assignees as if such successor or assignee was itself a party to this Agreement.



3.8 Should any dispute arise between the Settling Parties regarding the manner in which this Agreement or any term shall be implemented, the Settling Parties agree to work in good faith to resolve such difference in a manner consistent with both the express language and the intent of the Settling Parties in entering into this Agreement. If such dispute cannot be resolved through good faith negotiation between the Settling Parties, the dispute shall be submitted to the Commission for resolution through alternative dispute resolution and if it cannot be resolved to the mutual satisfaction of the Settling Parties through alternative dispute resolution, then through administrative adjudication before the Commission.

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IN WITNESS WHEREOF, the Settling Parties have duly executed this Agreement. The undersigned represent that they are authorized to sign on behalf of the party represented.

<p>CALIFORNIA PUBLIC UTILITIES COMMISSION, SAFETY AND ENFORCEMENT DIVISION</p> <p>By: <u></u></p> <p>Name: <u>Elizaveta Malashenko</u></p> <p>Title: <u>Deputy Director, Safety and Enforcement Division</u></p> <p>Date: <u>2/10/2015</u></p>	<p>PACIFIC GAS & ELECTRIC COMPANY</p> <p>By: _____</p> <p>Name: <u>Steven Malnight</u></p> <p>Title: <u>Senior Vice President, Regulatory Affairs</u></p> <p>Date: _____</p>
	<p>BAYVIEW/HUNTERS POINT COMMUNITY LEGAL</p> <p>By: <u></u></p> <p>Name: <u>Onki Iwan</u></p> <p>Title: <u>Community Development Director</u></p> <p>Date: <u>2/10/15</u></p>

IN WITNESS WHEREOF, the Settling Parties have duly executed this Agreement. The undersigned represent that they are authorized to sign on behalf of the party represented.

<p>CALIFORNIA PUBLIC UTILITIES COMMISSION, SAFETY AND ENFORCEMENT DIVISION</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>PACIFIC GAS & ELECTRIC COMPANY</p> <p>By:  _____</p> <p>Name: <u>Steven Malnight</u></p> <p>Title: <u>Senior Vice President, Regulatory Affairs</u></p> <p>Date: <u>2/10/15</u></p>
	<p>BAYVIEW/HUNTERS POINT COMMUNITY LEGAL</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____</p>

ATTACHMENT 1

Summary of Where SED Conclusions and Recommendations are Addressed in the Settlement Agreement.

ATTACHMENT 1**Summary of Where SED Conclusions and Recommendations are Addressed in the Settlement Agreement**

ESRB Conclusions	Settlement Agreement
7.1 PG&E failed to actively manage and oversee work performed by contractors, accept responsibility for work conducted on PG&E facilities, review contractor work plans, and ensure the safety of workers at the jobsite.	§2.4(a)
7.2. PG&E failed to adequately evaluate and rank contractor qualifications, including the contractors' own safety data and programs.	§2.4(b)
7.3 PG&E failed to conduct and submit a timely and comprehensive root cause analysis to ESRB.	§2.4(c)
ESRB Recommendations	Settlement Agreement
1. PG&E should submit to ESRB, and implement, a corrective action plan to address not only the recommendations below, but also the deficiencies described in the Conclusions, Section 7 of this report.	§2; Attachments 1 through 4
2. PG&E should accept and acknowledge responsibility for work activities performed on PG&E-owned and/or operated facilities, whether PG&E employees or contractors perform the work.	§2.1; §2.2; Attachments 2 and 3
3. PG&E should change its procedures to encourage and support thorough investigations, routinize root cause analysis and implement effective corrective actions before directed to do so by ESRB or the CPUC.	§2.3; Attachment 4
4. PG&E should shift its safety approach from one where litigation risks impede data collection and dissemination. Abundant and accessible data is critical to risk assessment and mitigation activities.	§2.3; Attachment 4
5. PG&E should develop mechanisms to share safety incident data and lessons learned from root cause analyses and incident investigations across PG&E's Lines of Business.	§2.3; Attachment 4

ATTACHMENT 1**Summary of Where SED Conclusions and Recommendations are Addressed in the Settlement Agreement**

6. PG&E should conduct a risk assessment of all work plans, including revisions, for hazards, risks and necessary mitigations. The PG&E staff or team selected to do this must be qualified to perform such work and should make use of experts as appropriate.	§2.2(c); Attachment 2
7. PG&E should require contractors to provide an onsite safety officer for significant projects, one that is formally trained in safety management and risk assessment to provide adequate oversight. PG&E should evaluate the training qualifications of those officers.	§2.2(b); Attachment 3
8. PG&E should provide a trained PG&E onsite safety officer, formally trained in safety management and risk assessment, to provide oversight for all significant projects.	§2.2(c); Attachment 2
9. PG&E should revise its contractor program to require that in the event of an incident, bidders agree to fully engage contractor staff in PG&E's root cause analysis efforts to identify improvements to PG&E contractor management and other programs to reduce the likelihood of similar incidents in the future.	§2.2(b); Attachment 3
10. PG&E should ensure that its employees receive adequate root cause analysis training to ensure implementation of an effective and comprehensive root cause analysis program, one that seeks to identify procedural or other changes to reduce safety risks. At minimum, PG&E should expand its root cause analysis training program to include all project management and safety staff. PG&E should also consider some level of training for front line staff who, because of their involvement in or knowledge of an incident, may contribute to the identification of improvements to reduce the likelihood of future incidents.	§2.3; Attachment 4
11. PG&E should implement any other corrective actions needed to respond to the BV root cause analysis findings and recommendations.	Listed Below

ATTACHMENT 1**Summary of Where SED Conclusions and Recommendations are Addressed in the Settlement Agreement**

Bureau Veritas Root Cause Analysis Recommendations	Settlement Agreement
1. CONTRACTOR QUALIFICATION PG&E's procurement process should examine disciplinary policies as part of contractors' safety qualification. In California a company's disciplinary policy should be found in the company's Injury – Illness Prevention Program.	§2.2(a); Attachment 2
2. CONTRACTOR QUALIFICATION Procurement process should examine and put a high value on contractor's policies regarding prescription drugs and drug testing as part of contractors' safety qualification.	§2.2(a); §2.2(b); Attachments 2 and 3
3. CONTRACTOR QUALIFICATION The formal safety training and safety certifications of contractors' proposed site safety officers should be evaluated before they are accepted in that role during the bid process.	§2.2(b); §2.2(c); Attachments 2 and 3
4. CHANGE MANAGEMENT When significant changes in the work methods agreed upon during the bidding process are proposed, there should be a risk assessment conducted on the proposed new process including a discussion of additional hazards and risks, necessary mitigation, and potential costs.	§2.2(c); Attachment 2
5. CONTRACTOR QUALIFICATION The role and responsibilities of any PG&E on-site representative should be clearly defined in writing and communicated to all on-site and project staff and contractors. In future similar projects, the qualifications of candidates performing that role should be carefully evaluated, especially as it pertains to any assigned safety responsibilities.	§2.2(c); Attachment 2

ATTACHMENT 1**Summary of Where SED Conclusions and Recommendations are Addressed in the Settlement Agreement**

<p>6. TRAINING and LEARNING FROM EVENTS To maximize and capture learnings from events to foster continuous improvement in the training of future site representatives there should be a written record of the takeaway lessons learned during projects.</p>	<p>§2.2(d); Attachment 2 and Attachment 4</p>
<p>7. CONTRACTOR QUALIFICATION Procurement should consider employing a 3rd party specializing in assessing contractors' safety programs and validating/tracking/contractors' safety and insurance data.</p>	<p>§2.2(a); Attachment 2</p>
<p>8. LEARNING FROM EVENTS Future tank demolition should follow the agreed upon contract language and use mechanical means avoiding the use of manual labor whenever possible.</p>	<p>§2.2(b) and (c); § 2.4(a); Attachment 2</p>

ATTACHMENT 2

PG&E Contractor Safety Standard



Contractor Safety Standard

Summary

This Standard establishes the minimum requirements for contractor and subcontractor pre-qualifications, field safety observations and performance appraisals and to ensure that health and safety expectations associated with the work performed on behalf of PG&E are understood and communicated. This Standard shall be referenced and incorporated in every RFP and contract for “medium” or “high” risk work. This standard defines “low” risk work in Appendix A and establishes certain minimum field oversight expectations for low risk work. However, except as noted in Appendix A, the requirements of this standard only apply to high and medium risk work.

PG&E, as the hiring company and asset owner has a primary interest to protect Company and contractor employees and the general public from personal injury.

Target Audience

Contractor Safety Standard applies to contractors and subcontractors in all PG&E lines of business defined as “medium” or “high” risk, who perform work on PG&E assets. Augmented or contingent staffing contractors working under the direct supervision of PG&E are not subject to the Contractor Safety Standard requirements, but are subject to the same safety standards applicable to employees of PG&E.

Safety

Adherence to this standard demonstrates PG&E’s commitment to improving employee, contractor and public safety.

Before You Start

NA



Contractor Safety Standard

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Contractor Safety Standard

1 Requirements

2 Scope

2.1 The Contractor Safety Standard consists of following components:

1. Contractors and subcontractors defined as “medium” or “high” risk shall meet PG&E pre-qualification requirements identified in Table 1: Safety Pre-Qualification Criteria, prior to commencing work activities. PG&E will evaluate the safety data of the contractor or subcontractor entity that will actually perform the work. The Contractor Safety Program does not apply to other utilities, governmental entities or third parties that have rights to perform work on PG&E facilities pursuant to tariffs or contracts (e.g., PG&E Electric and Gas Rules 15 and 16, and PG&E Electric Rule 20).
2. PG&E personnel or designee responsible for overseeing contractors shall understand the risk definitions as identified in Appendix A: Risk Definitions Matrix. These definitions shall be considered guidelines; projects should be reviewed to assess risk. It is PG&E’s responsibility to assess the level of risk accurately, and to review and update that assessment at least annually during the course of contract performance.
3. Contracts/Agreements should identify PG&E’s safety expectations and applicable safety requirements for all aspects of the Scope of Work.
4. PG&E employees or designees responsible for overseeing contracted work activities defined as “high” risk shall verify contractors have effectively planned for eliminating or controlling work hazards that may impact the safety or health of Company and contractor employees or the general public.
5. Contractors shall use the appropriate job hazard analysis methods for identifying and communicating known or potential hazards to their employees, other potentially impacted workforces, and the public prior to commencing work. Deviation from the work plan or hazard control methods shall be reviewed and approved by the responsible PG&E employee or designee.
6. Contractors shall maintain effective oversight of work crews to ensure compliance with PG&E and regulatory safety requirements for their employees and other workforces under their direct control.
7. Contractor and subcontractor safety performance must be evaluated at the conclusion of the contracted work and for multi-year contracts, at least on an annual basis by the responsible Line of Business representative. Appendix C: Contractor Performance Appraisal Form shall be used. Completed forms shall be submitted to: contractorsafety@pge.com
8. Application of the Contractor Safety Standard will be assessed by the Safety, Health and Environment Department to validate compliance with this standard and to identify areas of standard improvement.



Contractor Safety Standard

9. PG&E will evaluate the safety data of the contractor entity that will actually perform the work where such data is available to the contractor, even if, for commercial purposes, the contract is signed with the parent company. In RFPs for new contractor services, contractors will be required to provide year-to-date safety and injury data and data regarding Serious Safety Incidents affecting the public. Because industry-wide data regarding Serious Safety Incidents affecting the public is generally not available, PG&E will evaluate such data on a qualitative basis to evaluate where the contractor should be disqualified from consideration or if additional safety mitigation measures should be required. Subsequent to the hiring of an independent contractor, PG&E will require the contractor to annually update employee and public safety data. PG&E will require that bidders and contractors attest to the accuracy of safety data.

3 Roles & Responsibilities

The following roles and responsibilities should not be considered all inclusive.

3.1 Line of Business Senior Management

1. Endorse and support enterprise-wide application of the Contractor Safety Standard.
2. Mandate compliance with Standard requirement.
3. Develop and approve contractor oversight procedure(s) by December 31, 2015. Implement contractor oversight procedure(s) no later than December 31, 2016.
4. Ensure clearly defined roles and responsibilities specific to organizational structure and unique operational need are implemented to ensure compliance with this standard.

For high risk work performed by a contractor, the Line of Business will require the contractor to provide a project-specific safety plan for the work to be performed. The safety plan for such high risk work will address the training qualifications necessary to perform the work and staffing plans for safety professionals that the contractor will have overseeing the project. Prior to commencement of work by the contractor, PG&E will review the adequacy of the safety plan, including contractor safety personnel qualifications where applicable, and perform a safety assessment to evaluate whether additional safety mitigations are required, including whether to assign PG&E onsite safety personnel. Such review will be conducted by PG&E employees that are qualified to perform such work or PG&E will engage third party experts as appropriate to perform the safety analysis. The PG&E Line of Business contractor oversight procedures will specify the level of contractor oversight and frequency of safety observations. In addition, for high risk work, the Line of Business oversight procedures will address when PG&E will assign its own onsite safety personnel.

5. Ensure all Serious Safety Incidents are investigated using causal analysis methodologies, per the Enterprise Causal Evaluation Standard.



Contractor Safety Standard

6. Ensure corrective actions have been developed and implemented for all Serious Incidents per the Enterprise Causal Evaluation Standard. Corrective actions will include, identifying PG&E and contractor persons responsible for identifying appropriate mitigations and timelines and validations for ensuring implementation.
7. Ensure the development and implementation of a lessons learned sharing process that can communicate incident summaries and lessons learned to PG&E and contractor personnel.

3.2 Line of Business Contract Manager/Project Manager/Job Sponsor/Project Liaison

1. Create a well-defined Scope of Work to aid with job hazards assessments.
2. Support Supply Chain or authorized procurement representative with the evaluation and selection of contractors based on the pre-qualification requirements of this standard.
3. Partner with the appropriate safety representative(s) or 3rd Party expert to determine applicable PG&E and regulatory requirements and appropriate control measures to eliminate or mitigate hazards specific to the Scope of Work, prior to commencing work.
4. Verify contractors have fully completed the pre-qualification process prior to commencing work. For emergency/emergent work situations, Section 5 shall be applied.
5. Verify subcontractors meet standard applicability as defined by Appendix A: Risk and Oversight Matrix have completed the pre-qualification process prior to commencing work activities.
6. Partner with Supply Chain or authorized procurement representative to formally submit a Governance Request for contractors or subcontractors that do not meet safety criteria, as identified in the Governance Request Process, Section 4. Appendix B: Governance Request Form shall be used to document this request.
7. Ensure PG&E safety requirements and expectations have been communicated and acknowledged by the contractor prior to commencing work activities.
8. Verify contractors have performed a hazard analysis specific to the Scope of Work for identifying and communicating known or potential hazards to their employees or other potentially impacted workforces prior to commencing work.
9. Ensure contractors develop a health and safety plan for all work defined as “high” risk that is reviewed by PG&E personnel or designees familiar with the work scope and associated hazards and proper control methods prior to commencing work activities.
10. Ensure personnel familiar with job hazards and safety requirements specific to the Scope of Work are assigned to monitor contractor and subcontractor safety compliance.



Contractor Safety Standard

11. Partner with Supply Chain or authorized procurement representative, Safety or other subject matter experts prior to issuing significant changes to the Scope of Work to ensure compliance with this standard.
12. Ensure all Serious Safety Incidents are investigated using causal analysis methodologies, per the Enterprise Causal Evaluation Standard.
13. Ensure corrective actions are developed and implemented for all Serious Safety Incidents per the Enterprise Causal Evaluation Standard.
14. Complete and submit Appendix C: Contractor Performance Appraisal Form, upon completion of the work and for multi-year contracts, at least annually. Submit forms to: contractorsafety@pge.com

3.3 Supply Chain or authorized procurement representative

1. Ensure applicable contractors and subcontractors have fully completed the pre-qualification requirement prior to contract award. If circumstances will not allow compliance with pre-qualification requirements, then follow the Emergency/Emergent Work Process identified in Section 5.
2. Ensure contractual agreements include PG&E safety requirements and compliance expectations.

3.4 Line of Business Operations Field Support

1. Provide support with identifying work hazards and control measures applicable to the Scope of Work, as directed.
2. Assist with reviewing contractor and subcontractor safety and work execution plans, as directed.
3. Perform and document periodic field safety observations to verify compliance with applicable safety requirements, as directed.
4. Support internal or external personnel with incident analysis or investigations, as directed.

3.5 Safety, Health and Environment Department

1. Support Supply Chain or authorized procurement representative and the Line of Business during the contractor evaluation and selection process.
2. Partner with Line of Business and Supply Chain or authorized procurement representatives to formally submit a Governance Request for contractors or subcontractors that do not meet PG&E safety criteria, as identified in the Governance Request Process, Section 4.



Contractor Safety Standard

3. Assist as a subject matter expert for identifying job specific hazards and the appropriate elimination or control methods.
4. Provide subject matter expertise for interpreting applicable PG&E and regulatory standards, rules, codes or industry best practices.
5. Perform and document field safety observations to verify contractor compliance with PG&E and regulatory standards, rules, and codes. Field safety observation frequencies shall be determined by the risks associated with the Scope of Work.
6. Verify implementation, including field safety observations, of the Line of Business oversight procedures.
7. Evaluate and implement a system to identify problematic contractors and capture lessons learned from field safety observations that can be shared, as appropriate, across the enterprise no later than December 31, 2015.

4 Third Party Administrator

- 4.1 Pre-qualify contractors and subcontractors to PG&E safety criteria. See Table #1.
- 4.2 Perform safety manual audits to ensure compliance with regulatory standards and PG&E requirements.

5 Governance Request Process

- 5.1 Supplemental internal safety performance reviews of contractors or subcontractors that do not meet established PG&E safety criteria. Appendix B: Governance Request Form shall be used to initiate this request.
- 5.2 Managers directly responsible for the execution of the contracted work shall have the authority to approve without submitting a Governance Request Form for contractors and subcontractors who do not meet PG&E safety criteria in the areas of TRIR, DART and EMR. This authority only extends to contractors or subcontractors no greater than 10 percent above established safety criteria thresholds and may be applied to one, two or all three (TRIR, DART and EMR) safety performance metrics. Managers granting approval must email contractorsafety@pge.com with their approval.
- 5.3 Supply Chain or authorized procurement representative, Line of Business and Safety should collaborate to collect all supporting documentation to facilitate the Governance Request. This must include, but not limited to: Scope of Work, most recent 3 full years of historical safety performance data (TRIR, DART and EMR) and OSHA citation history and most recent 5 full years of fatality history. Additional supporting documentation must include a summary of events, corrective actions and safety improvement plans specific to the areas of concern or noncompliance with regulatory standards.



Contractor Safety Standard

5.4 The director for the Line of Business responsible for overseeing the contracted service, the Sourcing director and the Safety, Health and Environment, Standards and Programs director or designees shall make the final determination of whether variance will be granted and additional controls to be implemented. If consensus by the directors cannot be attained the governance request must escalate to the officer level.

6 Emergency/Emergent Work Process

- 6.1 Internal safety evaluation for contractors or subcontractors who do NOT have time to become fully registered and pre-qualified by the Third Party Administrator due to an urgency associated with an asset failure or operational need.
- 6.2 Line of Business has determined an immediate need for contracted services NOT initially identified or planned.
- 6.3 Under no circumstances shall this provision be used to:
1. Change or modify a specified contract Scope of Work.
 2. Replace the competitive bidding process.
 3. Modify the general or specific Terms and Conditions of a contract.
- 6.4 Line of Business shall contact the responsible Supply Chain or authorized procurement representative to follow the established process for authorizing agreements.
- 6.5 Supply Chain or authorized procurement representative must request the following information from the contractor or subcontractor entity that will actually perform the work to be submitted to the responsible Line of Business and safety representatives for review:
1. OSHA 300 & 300A Logs for the previous 3-years. Some companies with ten or fewer employees may have a partial exemption for maintaining injury and illness records. In this instance, contractor shall submit the same information as identified on OSHA 300 & 300A Logs. Contractors will be required to provide year-to-date safety and injury data and data regarding serious safety incidents affecting the public.
 2. Experience Modification Rate (EMR) verification letter from their insurance carrier for the most recent 3 full years. Some companies may be exempt from Worker Compensation requirements or an experience modification rating. In this instance, a contractor shall provide a letter of explanation for exemption.
 3. Number of fatalities for the current calendar year and previous 5 full years. If contractor has incurred any fatalities during this time a summary of event(s), regulatory decisions and penalties and the corrective actions taken to eliminate or mitigate potential reoccurrence shall be provided for review.
 4. Number of OSHA "serious", "willful" or "repeat" citations for the current calendar year and previous 3 full years.



Contractor Safety Standard

- 6.6 Responsible Line of Business and safety representatives shall review submitted information to determine whether contractor or subcontractor meets PG&E safety criteria. Contractors or subcontractors that do not meet safety criteria must proceed through Governance Request Process, as identified in Section 5 herein.
- 6.7 Should the Line of Business and safety representative determine the contractor meets safety criteria, Supply Chain or authorized procurement representative must ensure the contractor fully registers and completes the pre-qualification process with the Third Party Administrator, if future work is anticipated. The requirement identified in Section 6.8 (4), will remain in effect until the Third Party Administrator or internal pre-qualification requirements have been satisfied. Following pre-qualification of the contractor, the standard process set forth in Sections 1-5 will apply to the contractor on a going forward basis.
- 6.8 Line of Business shall assign a safety representative to ensure the following requirements are satisfied prior to commencing Emergency/Emergent Work activities:
1. Communicate to the contractor all hazards applicable to PG&E facilities, systems, assets, processes, environments within the designated work area.
 2. Ensure the contractor understands the Scope of Work and PG&E safety requirements
 3. Ensure the contractor has developed a safety plan for addressing hazards specific to the Scope of Work.
 4. Ensure a PG&E safety representative with understanding of the Scope of Work and safety plan is assigned on a full-time basis to oversee the Emergency/Emergent Work activities until the contractor has been fully registered and has achieved a pre-qualified status by the Third Party Administrator or pre-qualified by the internal vetting process or the work has been completed.

END of Requirements



Contractor Safety Standard

Definitions

Company – Refers to the PG&E Company, as the utility wholly owned by PG&E Corporation.

Contractor – Company directly hired by PG&E to complete a specific Scope of Work or service.

Contract Manager – Individual assigned as the primary interface with the contractor to coordinate and oversee a specific Scope of Work performed by the contractor.

DART (Days Away, Restricted or Transferred duty) – The rate of injuries/illnesses resulting in lost-work, restricted work or a transfer of job duties as a result of the injury or illness.

Designated Work Area – Area where it is necessary to restrict or limit entry or access of nonessential personnel or the public. Areas may include, but not limited to the following work activities; remediation, abatement, demolition, excavation, overhead lifting, etc.

Emergency/Emergent Work – An occasion where time is of the essence and procurement for critical and/or emergency services cannot be processed through normal channels. Such occasions may include potential loss of generation or the interruption of electric or gas distribution services. Situations do not include routine work activities and lack of planning.

Experience Modification Rate (EMR) – Ratio of a company's frequency and severity of injuries vs. an average estimated amount of loss for that industry, based on Workers' Compensation information

High Risk Contractors – Contractors or subcontractors performing work that directly exposes their employees to PG&E systems, assets or processes associated with power generation, gas or electric transmission or distribution operations, or requires bodily entry into a confined space or hazardous environment, applying lockout/tagout devices as part of hazardous energy control, working at a height that requires the use of fall arresting equipment, entering an excavation greater than four feet, demolition activities, use of explosive devices, commercial diving, aviation services, vegetative management beyond weed control, handling or transporting hazardous chemicals.

Life-Altering Injury - An acute injury that resulted in a permanent and significant loss of a major body part or organ function that permanently changes or disables that person's normal life activity.

Life-Threatening Injury –An acute injury that required immediate life-preserving rescue action, and if not applied immediately would likely have resulted in the death of that person.



Contractor Safety Standard

Low-Risk Contractor – Contractors or subcontractors not working on or exposed to any hazards associated with power generation, gas or electric transmission or distribution processes or process-related equipment or working within designated construction areas are exempt from this standard. Work requires minimal advance planning, preparation, formal training, or work controls.

Medium Risk Contractor- Work requires advanced planning, preparation, formal training, work controls, and audit/oversight, or specialized Personal Protective Equipment beyond hardhat, safety glasses, safety toed footwear or high visibility vests. Contractors or subcontractors that do not meet the definition of high or low risk.

Safety Representative – Individual(s) responsible for the health and safety of all personnel within their designated area of control and vested with the decision-making authority for ensuring compliance with PG&E and regulatory requirements.

Serious Safety Incident- An incident resulting in a Life-Threatening or Life-Altering Injury, or a fatality, to the public, employees or contractors resulting from work on or caused by a failure or malfunction of PG&E facilities.

Project-specific Safety Plan – Detailed safety plan created to eliminate and/or mitigate specific job site environmental, health and safety hazards associated with the scope of work.

TRIR – Total Recordable Incident Rate.

Subcontractor – Contractor that is NOT considered the Prime Contractor and has been retained by a primary or secondary tier contractor to provide a service. This includes activities off-site that are related to work “to-be performed” or are already in progress, or to be engaged at any time throughout the project (from pre-mobilization to completion). Additionally, the term “subcontractor” may include an individual, a group of workers (crew), equipment or other items used on a PG&E facility, project or site.

Root Cause Evaluation (RCE) (sometimes referred to a Root Cause Analysis (RCA)): A formal and rigorous investigation that uses industry-accepted analysis methods to determine the root cause(s) of a problem. The RCE identifies required corrective actions that prevent, or reduce the likelihood of a recurrence of the problem for the same or similar root cause(s).

Third-Party Administrator (TPA) – Online database resource for connecting companies with safe, reliable contractors/suppliers from capital-intensive industries. TPA’s collect safety, procurement, sustainability, quality and regulatory information from contractors and suppliers, verify its accuracy, and then report the results, which allow companies to make sound business decisions.



Contractor Safety Standard

Implementation Responsibilities PG&E's Safety, Health & Environment organization is responsible for implementing this procedure by doing the following:

- Overseeing the development and ongoing maintenance of the Contractor Safety Standard
- Communicating this standard to the appropriate audience within PG&E

Governing Document NA

Compliance Requirement/Regulatory Commitment NA

Reference Documents

Developmental References:

PG&E Utility Standard: Law 2001S

Diablo Canyon Power Plant: Interdepartmental Administrative Procedure

Supplemental References:

<http://pgeweb/shareservices/safety/contractorsafety/Pages/default.aspx>

Appendices

Appendix A, Risk and Oversight Matrix

Appendix B, Governance Request Form

Appendix C, Contractor Performance Appraisal

Attachments

Table #1: Pre-Qualification Criteria



Contractor Safety Standard

**Document
Revision** NA

Reviewed By Diane Thurman, Director of SH&E Standards & Programs

Approved By Janet Loduca, Vice President SH&E

Document Owner William Arvance, Interim Manager Contractor Safety

**Document
Contact** William Arvance, Interim Manager Contractor Safety

Revision Notes

Where	What Changed
NA	New Procedure



Appendix A: Risk and Oversight Matrix

Risk Category	Service Contract Types	PG&E Minimum Field Oversight Expectations
<p>Low Risk: Contractors or subcontractors not working on or exposed to any hazards associated with power generation, gas or electric transmission or distribution processes or process-related equipment or working within designated work areas are exempt from this standard. Work requires minimal advance planning, preparation, formal training, or work controls.</p>	<ul style="list-style-type: none"> • Office area workers • Classroom instructors • Technical or consulting services • Inspection/testing • Grass cutting/trimming/pruning • Minor alternations/repairs to low voltage electrical or water supply/drainage systems • Engineering – short-term where work is limited to non-plant access • Siting/Surveying outside a designated work zone 	<ul style="list-style-type: none"> • Responsible representative to communicate PG&E safety compliance requirements and expectations • Contractor required to report any injuries/illnesses or incidences to the responsible PG&E representative
<p>Medium Risk: Work requires advanced planning, preparation, formal training, work controls, oversight, or specialized Personal Protective Equipment beyond hardhat, safety glasses, safety-toed footwear or high visibility vests. Contractors or subcontractors that do not meet the definition of high or low risk.</p>	<ul style="list-style-type: none"> • Landscaping requiring the use of earthmoving equipment, digging, excavating or trenching less than four feet • Non-complex electrical installation/repair • Non-hazardous spill cleanup • Pesticide/Herbicide spraying requiring an applicators license • Traffic controls 	<ul style="list-style-type: none"> • Routine meetings with contractor field supervision • Periodic documented field safety observations • Documented Contractor post-job evaluation completed
<p>High Risk: Contractors or subcontractors performing work that directly exposes their employees to PG&E systems, assets or processes associated with power generation, gas or electric transmission or distribution operations, or requires bodily entry into a confined space or other hazardous environment, applying lockout/tagout devices as part of hazardous energy control, working at a height requiring the use of fall arresting or restraining equipment, entering an excavation greater than four feet, demolition</p>	<ul style="list-style-type: none"> • Heavy earthmoving equipment operations • Complex system construction, rebuild or repair • Scaffold erection/dismantling • Hazardous materials abatement, cleanup, disposal, testing or transportation • Demolition/explosive work • Commercial diving operations or work on, over or near water • Aviation services • Vegetative management 	<ul style="list-style-type: none"> • Project-Specific Safety Plan or detailed safety planning appropriate to the Scope of Work • Frequent documented meetings with contractor field supervision • Frequent documented field safety observations of contractors and subcontractor work activities • Documented Contractor post-job evaluation completed



Appendix A: Risk and Oversight Matrix

activities, use of explosive devices, commercial diving, aviation services, vegetative management beyond weed control, handling or transporting hazardous chemicals.		
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Appendix B: Governance Request Form

<p>Line of Business filing request:</p> <p>Contractor Information: Attach supplemental documents as needed</p> <p>Did contractor provide 5-year data regarding Serious Safety Incidents affecting the public? If yes, discuss in supplemental documents. If no, explain why not – was it because there was no data available or because no incidents occurred.</p>		
<u>Name:</u>	<u>Scope of Work:</u>	
<u>Address:</u>		
<u>Work Location(s):</u>	<u>Summary of why this contractor must be used:</u>	
Business Area(s):		
<u>Type of contract:</u>	<u>Sourcing Representative:</u>	<u>Safety Performance History:</u>
		3-year Average Contractor TRIR _____ Industry _____ Contractor DART _____ Industry _____ EMR _____
<u>Work Duration:</u>	<u>LOB Representative:</u>	5-year history Fatalities _____ 3-year OSHA serious, willful or repeat citations _____
Start Date: _____		
End Date: _____	<u>Safety Representative:</u>	
Authorizing PG&E Representatives: LOB & Safety Directors		



Appendix B: Governance Request Form

Name (Print):	Name (Print):
Signature:	Signature:
Date:	Date:



Appendix C: Contractor Performance Appraisal Form

Date:
 Contractor:

Project:

Contract Dates:

Annual Review: Yes No

Contract Closeout Yes No

Did the contractor properly plan all aspects of their work? Yes No

Did the contractor properly perform pre-job briefs to communicate hazards before commencing work? Yes No

Did the contractor properly perform documented safety observations? Yes No

Did the contractor immediately correct known safety deficiencies? Yes No

Did the contractor immediately report any injuries, illnesses, first aid cases, spills or damage to Company assets? Yes No

Did the contractor effectively coordinate and communicate with their subcontractors? Yes No

Would you recommend or rehire this contractor? Yes No

Number of first aid cases	
Number of recordable injuries	
Number of injuries resulting in days away, restricted or transferred duty	
Total hours worked	

PG&E Representative:
 Printed Name:
 Signature:

Submit form to appropriate Supply Chain representative


Table #1: Pre-Qualification Criteria

Targets Based on 3-year averages	Acceptable (Green)	Not Acceptable (Red)
Except fatalities		
Number of Fatalities within the last 5-years (Vehicular fatalities excluded)	No fatalities within 5-years	Fatalities within a 5-years
Experience Modification Rate (EMR)	Equal or less than 1.10	Greater than 1.10
Confirmed OSHA Citations	3 or less serious citations within the most recent 3-years with no willful or repeat citations	More than 3 serious citations within the most recent 3-years or any willful or repeat citations
Total Recordable Incident Rate (TRIR)	Equal or better than 3-year industry average	Worse than 3-year industry average
DART Rate	Equal or better than 3-year industry average	Worse than 3-year industry average
Additionally, contractors are required to submit for review their Company safety plan/program, drug/alcohol program, disciplinary program and Serious Safety Incidents affecting the public for the last 5 years.		

ATTACHMENT 3

PG&E Contractor Safety Program Standard Contract Requirements



Contractor Safety Program Standard Contract Requirements

1. Summary

PG&E is committed to improving employee, contractor and public safety. PG&E's Contractor Safety Program establishes the minimum safety requirements for all PG&E Contractors and Subcontractors performing High Risk Work or Medium Risk Work on PG&E assets. All Contractors and Subcontractors performing High Risk Work or Medium Risk Work on PG&E assets are obligated to comply with the requirements of PG&E's Contractor Safety Program.

2. Definitions

Capitalized terms shall have the meaning set forth in PG&E's Contract with Contractor and as defined herein.

"DART" (Days Away, Restricted or Transferred duty) – means the rate of injuries/illnesses resulting in lost-work, restricted work or a transfer of job duties as a result of the injury or illness.

"Designated Work Area" – means an area where it is necessary to restrict or limit entry or access of nonessential personnel or the public. Examples include work areas involving remediation, abatement, demolition, excavation, and overhead lifting.

"Experience Modification Rate" or "EMR" – Ratio of a company's frequency and severity of injuries vs. an average estimated amount of loss for that industry, based on Workers' Compensation information

"High Risk Work" means Work that directly exposes Contractor or Subcontractor personnel to PG&E systems, assets or processes associated with power generation, gas or electric transmission or distribution operations, or requires bodily entry into a confined space or other hazardous environment, applying lockout/tagout devices as part of hazardous energy control, working at a height requiring the use of fall arresting or restraining equipment, entering an excavation greater than four feet, demolition activities, use of explosive devices, commercial diving, aviation services, vegetative management beyond weed control, handling or transporting hazardous chemicals. Examples of High Risk Work include heavy earthmoving equipment operations, complex system construction, rebuild or repair, scaffold erection or dismantling, hazardous materials abatement, cleanup, disposal, testing or transportation, demolition or explosive work, commercial diving operations or work on, over or near water, aviation services, and vegetative management.

"Low Risk Work" means Work at or on PG&E Assets that does not involve exposure to (a) any hazards associated with power generation, gas or electric transmission or distribution processes or process-related equipment or (b) Designated Work Areas. Low Risk Work requires minimal advance planning, preparation, formal training, or work controls. Examples of Low Risk Work include office area workers, classroom instructors, technical or consulting services, inspection or testing, grass cutting/trimming/pruning, minor alternations/repairs to low voltage electrical or water supply/drainage systems, short term engineering not involving plant access, and siting/Surveying outside a designated work zone.

"Medium Risk Work" means Work at or on PG&E Assets that requires advanced planning, preparation, formal training, work controls, oversight, or specialized Personal Protective Equipment beyond hardhat, safety glasses, safety-toed footwear or high visibility vests. Examples of Medium Risk Work include landscaping requiring the use of earthmoving equipment, digging, excavating or



Contractor Safety Program Standard Contract Requirements

trenching less than four feet, non-complex electrical installation or repair, non-hazardous spill cleanup, pesticide or herbicide spraying requiring an applicators license, and traffic control.

“PG&E Assets” means real property or tangible personal property owned or operated by PG&E.

“Third-Party Administrator” or “TPA” – means the online database resource utilized by PG&E to collect safety, procurement, sustainability, quality and regulatory information from Contractors and verify its accuracy.

3. Contractor and Subcontractor Pre-qualification Requirements

3.1 Subject to Section 3.2 below, Contractor and all Subcontractors of any tier shall meet the pre-qualification requirements identified in Table 1: Safety Pre-Qualification Criteria if performing any Medium Risk Work or High Risk Work on PG&E Assets.

3.2 If Contractor or any Subcontractor does not meet the pre-qualification requirements identified in Table 1: Safety Pre-Qualification Criteria, at its sole discretion, PG&E may authorize Contractor or Contractor’s proposed Subcontractor to perform Medium Risk Work or High Risk Work and shall have the right to impose additional conditions for the Work. Contractor shall comply, and cause all affected Subcontractors to comply, with all additional conditions PG&E imposes on the Work at no cost to PG&E.

3.3 Contractor shall provide PG&E and its third party administrator with such information as PG&E deems necessary in its sole discretion to determine whether Contractor and its Subcontractors meet the pre-qualification requirements, including but not limited to year-to-date safety and injury data and data regarding serious safety incidents affecting the public. All information shall be provided in the manner and format requested by PG&E in its sole discretion.

3.4 Safety data of the entity proposed to actually perform Work on PG&E Assets must be provided. Safety data of parent entities or any affiliates will not be accepted.

3.5 All costs associated with compliance with PG&E’s pre-qualification requirements shall be at Contractor’s sole cost and expense, including but not limited to all fees charged by PG&E’s third party administrator and costs associated with additional conditions PG&E imposes on the Work under Section 3.2.

3.6 Contractor shall not commence any Work for which prequalification is required under this Section 3 prior to obtaining written approval from PG&E that Contractor has satisfied PG&E’s pre-qualification requirements. Thereafter, Contractor shall provide PG&E updates annually of all data supplied as part of the pre-qualification process. PG&E reserves the right to cancel the Contract for cause if PG&E determines in its sole discretion that Contractor no longer meets the prequalification requirements. PG&E reserves the right to require Contractor to replace any Subcontractor at Contractor’s sole cost and expense if PG&E determines in its sole discretion that the Subcontractor no longer meets the prequalification requirements.

3.7 Contractor shall not allow any Subcontractor to commence any Work for which prequalification is required under this Section 3 prior to obtaining written approval from PG&E that the Subcontractor has satisfied PG&E’s pre-qualification requirements.



Contractor Safety Program Standard Contract Requirements

3.8 Contractor represents and warrants that all information Contractor and its Subcontractors supply in compliance with PG&E's Contractor Safety Program is true and accurate.

4. Safety Requirements for the Work

4.1 Contractor recognizes and agrees that safety is of paramount importance in performing any Work for PG&E regardless of whether the Work is Low Risk Work, Medium Risk Work, or High Risk Work. Contractor shall perform all Work safely, in compliance with PG&E's Contractor Safety Program, Contractor's safety program, and any additional safety standards, procedures, rules, or requirements set forth in PG&E's contract with Contractor.

4.2 Contractor shall perform all Work in a manner that complies with all applicable federal, state, and local laws, rules, and regulations and complies with safety best practices.

4.3 Contractor shall perform all Work in a manner that safeguards persons and property from injury and shall train all Contractor and Subcontractor personnel on all PG&E's Contractor Safety Program, Contractor's safety program, all job related hazards, and all safety laws, rules, regulations, or requirements applicable to the Work.

4.4 Contractor shall inspect all materials, tools, equipment, and facilities for safety prior to use.

4.5 Contractor shall require all Contractor and Subcontractor personnel performing Work on PG&E assets to be fit for duty and comply with the drug and alcohol programs of both PG&E and, if applicable, the Department of Transportation.

4.6 Contractor shall cooperate with PG&E to determine applicable PG&E and regulatory requirements and appropriate control measures to eliminate or mitigate hazards specific to the Work.

4.7 Contractor shall use the appropriate job hazard analysis methods for identifying and communicating known or potential hazards to its personnel and other potentially impacted workforces prior to commencing work.

4.8 Contractor shall maintain effective oversight of work crews to ensure compliance with PG&E and regulatory safety requirements for its personnel and other workforces under its direct control.

4.9 If performing High Risk Work, Contractor shall supply PG&E with a project-specific safety plan for the Work that includes all safety-specific activities and the training, qualifications, and staffing plan for safety professions that Contractor will have overseeing the Work.

4.10 Contractor shall stop work as necessary to ensure compliance with safe work practices and applicable federal, state and local laws, rules and regulations.

4.11 Prior to implementing any significant changes to the Work, re-perform the requirements set forth in Sections 4.3 through 4.8 and if applicable 4.9 to ensure compliance with this standard and implement any needed additional measures or modifications to existing measures.



Contractor Safety Program Standard Contract Requirements

4.12 The requirements are in addition to any other requirements or obligations set forth in the Contract documents or applicable federal, state, and local laws, rules, regulations, and permits.

5. PG&E Rights with respect to Safety

5.1 Contractor agrees that, in addition to any other right under the Contract or at law or in equity, PG&E shall have the right to

(a) review and approve all Contractor and Subcontractor work plans and work specific safety requirements;

(b) designate safety precautions in addition to those in use or proposed by Contractor;

(c) verify Contractor and Subcontractors have effectively planned for eliminating or controlling work hazards that may impact the safety or health of PG&E and Contractor personnel or the general public.

(d) require Contractor to provide additional safeguards beyond what Contractor plans to utilize;

(e) conduct and document field safety observations and inspections to verify Contractor compliance with the Contractor Safety Program, the Contract requirements, applicable federal, state, and local laws, rules, regulations, and permits.

(d) stop work to ensure compliance with safe work practices and applicable federal, state and local laws, rules, and regulations;

(e) suspend, terminate, or place on probationary status Contractor in the event of a safety incident or failure to comply with these program requirements; and

(f) evaluate Contractor and Subcontractor safety performance periodically during performance of the Work and at conclusion of the Work.

5.2 The requirements set forth in this Section 5 are in addition to any other rights set forth in the Contract documents or applicable federal, state, and local laws, rules, regulations, and permits.

6. Safety Incident Investigations and Compliance With PG&E Causal Evaluation Standard

6.1 Contractor shall immediately inform PG&E of all safety incidents that occur during the performance of Work on PG&E Assets by Contractor or any Subcontractor.

6.2 Contractor shall promptly, thoroughly, and transparently investigate all safety incidents that occur during Contractor's or any Subcontractor's performance of Work on PG&E Assets in compliance with PG&E's Enterprise Causal Evaluation Standard.



Contractor Safety Program Standard Contract Requirements

6.3 Contractor shall cooperate and provide reasonable assistance, and cause each of its Subcontractors to cooperate and provide reasonable assistance, to PG&E with any (a) incident analysis or investigations PG&E conducts following a safety incident and (b) regulatory or agency investigations and inquiries that arise as a result of the safety incident.

6.4 Contractor shall supply PG&E with complete copies of all documents, photographs, witness statements, and other evidence related to the incident and all investigation materials promptly upon PG&E's request.

Attachment Table #1: Pre-Qualification Criteria


Table #1: Pre-Qualification Criteria

Targets Based on 3-year averages	Acceptable (Green)	Not Acceptable (Red)
Except fatalities		
Number of Fatalities within the last 5-years (Vehicular fatalities excluded)	No fatalities within 5-years	Fatalities within a 5-years
Experience Modification Rate (EMR)	Equal or less than 1.10	Greater than 1.10
Confirmed OSHA Citations	3 or less serious citations within the most recent 3-years with no willful or repeat citations	More than 3 serious citations within the most recent 3-years or any willful or repeat citations
Total Recordable Incident Rate	Equal or better than 3-year industry average	Worse than 3-year industry average
DART Rate	Equal or better than 3-year industry average	Worse than 3-year industry average
Additionally, contractors are required to submit for review their Company safety plan/program, drug/alcohol program, disciplinary program for review and serious safety incidents affecting the public for the last 5 years.		

ATTACHMENT 4

PG&E Enterprise Causal Evaluation Standard



Based on Utility Standard: SAFE-3XXX
Publication Date: xx/xx/2015 Rev: 01

Enterprise Causal Evaluation Standard

Summary:

Timely problem identification, resolution, and prevention are necessary to ensure operations are run at the highest level of safety thereby minimizing risk to employees, contractors and members of the public.

This standard describes Pacific Gas and Electric Company's (PG&E's) Causal Evaluation process and establishes an enterprise wide framework with common terminology to identify, document, track and communicate causal evaluations for work related Serious Safety Incidents.

Target Audience:

PG&E Officers, directors, and their designees, cause evaluators, and issue owners, all of whom are responsible for integrating the Causal Evaluation standard into their business functions and work processes.

Requirements:

1. Objective

A Causal Evaluation (CE) is a structured process used to determine, document and communicate the cause or reason why an incident, issue or error occurred. CEs are necessary to identify the cause of the incident, issue or error, to prevent or minimize the probability of recurrence and to apply continuous improvement.

CEs use various problem solving methods and tools (i.e., Human Factors Analysis and Classification System, Failure Analysis, Process Hazard Analysis) to identify the underlying causes that led to an incident occurring. Management may use CEs to identify the Apparent Cause, Contributing Causes, the Root Cause, and/or the Extent of Cause. Management shall determine what type of CE is appropriate based on the significance and frequency of incident. Types of CEs include; Common Cause Evaluations, Apparent Cause Evaluations, and Root Cause Evaluations. Nothing in this Enterprise Causal Evaluation Standard precludes the California Public Utilities Commission or its Safety and Enforcement Division (SED) from directing PG&E to undertake a Root Cause Evaluation or other causal evaluation for any incidents.

While each of the problem solving methods and tools may be used at management's discretion or at the Commission's or the Safety and Enforcement Division's (SED) direction, the objective of this standard is to establish a framework governing the timing, delivery, and documentation of Root Cause Evaluations relating to Serious Safety Incidents.

Enterprise Causal Evaluation Standard

2. Applicability

This standard is applicable to Serious Safety Incidents determined to be life-threatening, life-altering, or fatal to the public, employees or contractors resulting from work on or caused by a failure or malfunction of PG&E facilities. A RCE is required for all Serious Safety Incidents.

For other safety incidents, including injuries, work-related illnesses, significant property damage or “near hit” incidents, Management shall use a systematic approach to evaluate whether to perform an RCE or other Causal Evaluation method, taking into account the potential for the incident to have been more serious and the likelihood of recurrence. The systematic approach shall be defined in the implementing procedures for each Line of Business.

3. Program Overview

As a general guideline, the team performing the RCE should aim to complete the evaluation within 90 business days from the date of the incident. The line of business (LOB) Lead may determine that additional time is necessary to conduct a thorough and effective RCE. The RCE process will generally follow the standard Process Flow Timeline as outlined in **Appendix 1**. In some cases, it may be necessary to adjust timelines to incorporate findings from an agency with authority to investigate the incident (e.g., Occupational Safety and Health Administration, National Transportation Safety Board, California Highway Patrol) into the RCE.

Effective Corrective Actions are those that resolve the problem and prevent recurrence of the same or similar problems. Effectiveness reviews verify that the intended or expected results were achieved after implementation of corrective actions, and confirm that new problems or unintended consequences were not introduced by implementation of the actions. Effectiveness reviews are performed after actions have been in place for a specified period of time. Each RCE shall include an Effectiveness Review Plan.

PG&E’s CE training program will ensure employees responsible for conducting RCEs have completed core causal evaluation training and have continuing education as needed to maintain competence as qualified CE evaluators. Each LOB may implement additional focused training specific to the LOB’s technical procedures.

RCEs required by this standard shall have a RCE communication protocol approved by the LOB Lead. The protocol establishes the types of communication, the purpose and timing, the accountable author(s), and the intended audience for the communications as generally outlined in **Appendix 2**.



Enterprise Causal Evaluation Standard

4. Roles & Responsibilities

Issue Owner is the direct line supervisor of the location where the safety incident took place. The issue owner is responsible for performing the initial significance level assessment and sending the preliminary internal notification within 48 hours of the safety incident.

CE Lead (Director Level) is assigned by the LOB Lead and is responsible for validating the initial significance level assessment, communicating the plan, establishing the scope of the evaluation, assembling the CE Team, and ensuring the standard process timeline and communication protocol is adhered to.

CE Team is responsible for gathering incident information, analyzing the facts and evidence, conducting the cause evaluation, constructing corrective actions, and facilitating issue escalation and information sharing. The CE Team shall evaluate the incident for potential cross-cutting company issues that should be referred to the Cross Functional CE Review Committee for further review. The team includes: CE Lead, LOB SMEs, a qualified CE evaluator, legal, safety, risk, and compliance representation as appropriate.

LOB Lead (Officer Level) is responsible for assigning a CE Lead and ensuring the CE Team is staffed appropriately, verifying the corrective actions are assigned and completed, overseeing the effectiveness review, and approving all RCE documents.

Cross Functional CE Review Committee is responsible for reviewing CE reports identifying trends and monitoring performance. The committee must include at minimum; Director or above representation from each LOB, Enterprise Corrective Action Program (ECAP), Safety, Risk, and Compliance representatives. The committee will meet quarterly or as needed to perform their functions. The committee will be responsible for validating compliance with this Standard and identifying opportunities for continued improvement.

By the end of 2015, PG&E will designate a department to which the Cross Functional CE Review Committee reports and which is responsible for overseeing implementation of the Enterprise Causal Evaluation Standard.

Employee(s) identified and held accountable by the organization for fulfilling specific responsibilities may delegate their responsibilities to others; however, the individual(s) identified is accountable for the result.

Definitions:

Apparent Cause: (1) The event or condition that is initially seen or understood (2) A cause that is determined based on judgment and experience and is expressed as the most likely cause of an issue.

Apparent Cause Evaluation (ACE): An evaluation based on readily available information that provides reasonable assurance that the cause of a problem is determined and will be corrected;



Enterprise Causal Evaluation Standard

used when management determines a formal but less rigorous causal determination is necessary.

A Causal Evaluation (CE) is a structured process used to determine, document and communicate the cause or reason why an incident, issue or error occurred. CEs are necessary to identify the cause of the incident, issue or error, to prevent or minimize the probability of recurrence and to apply continuous improvement.

Common Cause Evaluation: An analysis methodology that can be used in an ACE to identify common underlying elements between different, unique, but similar events or issues. The underlying elements may be anything from a common failure mode to a common cause that may or may not require further investigations.

Contributing Cause: The event or condition not directly responsible for the problem, but whose existence complicated the problem or made the consequences more severe than if only the root cause existed.

Corrective Action: (1) A solution meant to reduce or eliminate an identified problem, including any action taken to resolve a finding or issue by implementing changes or controls to prevent reoccurrence. (2) Restores an unacceptable or adverse condition to an acceptable condition or capability.

Effectiveness Review Plan: A plan developed during the RCE process to verify that the intended or expected results were achieved after implementation of corrective actions. The plan includes the following: methods used to verify the actions met the desired outcome, attributes to be monitored and evaluated, success criteria, and expected timeline to perform the review.

Extent of Cause: The extent to which the cause of an identified problem has impacted, or has the potential to impact, other plant equipment, processes, or human performance.

Failure Analysis: A process that includes; identification and documentation of the circumstances that possibly contributed to the failure or the effect, detailed analysis, including testing if appropriate, of the failed component to determine the specific cause of the failure, documentation of results and recommendations of actions to be taken to correct the existing situation and to prevent similar future occurrences.

Human Factors Analysis and Classification System (HFACS): A human error framework designed to systematically examine underlying human causal factors and to improve accident investigations focused on four levels of failure: 1) Unsafe Acts, 2) Preconditions for Unsafe Acts, 3) Unsafe Supervision, and 4) Organizational Influences.

Life-Threatening Injury: An acute injury that required immediate life-preserving rescue action, and if not applied immediately would likely have resulted in the death of that person.



Enterprise Causal Evaluation Standard

Life-Altering Injury: An acute injury that resulted in a permanent and significant loss of a major body part or organ function that permanently changes or disables that person's normal life activity.

Process Hazard Analysis (PHA): A thorough, orderly, and systematic approach for identifying, evaluating, and controlling the hazards of processes involving highly hazardous chemicals.

Root Cause: (1) A factor that caused a nonconformance and should be permanently eliminated through process improvement (2) The underlying event, condition, or phenomena that, if corrected would eliminate the probability of the event recurring.

Root Cause Evaluation (RCE) (sometimes referred to a Root Cause Analysis (RCA)): A formal and rigorous investigation that uses industry-accepted analysis methods to determine the root cause(s) of a problem. The RCE identifies required corrective actions that prevent, or reduce the likelihood of a recurrence of the problem for the same or similar root cause(s).

Serious Safety Incidents: An incident resulting in a Life-Threatening or Life-Altering Injury or a fatality to the public, employees or contractors resulting from work on or caused by a failure or malfunction of PG&E facilities.

Requirements:

- To be added upon publishing to the Guidance Document Library

Records:

- To be added upon publishing to the Guidance Document Library

Implementation Responsibilities:

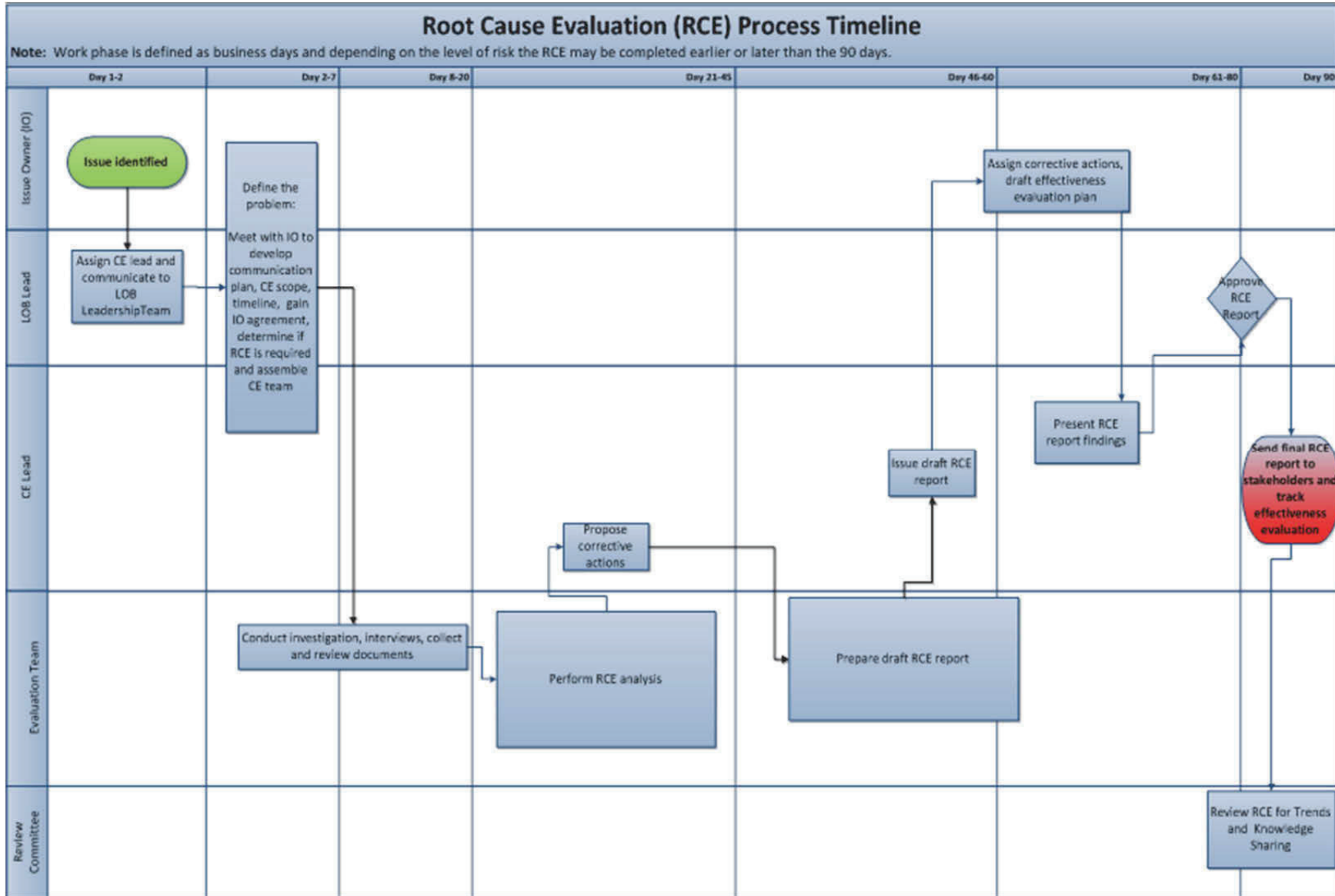
Each officer and director is responsible for implementing the Enterprise Causal Evaluation Standard within their organization. Directors, managers, and supervisors are responsible for communicating the standard to all employees and ensuring that their employees understand and properly implement the requirements of this standard.

Reference Documents:

- To be added upon publishing to the Guidance Document Library

Appendix 1: RCE Process Timeline

Appendix 2: RCE Communication Protocol



Root Cause Evaluation (RCE) Communication Protocol					
Communication	Type	Purpose	Accountable Author(s)	Timeframe	Target Audience
Preliminary Internal Notification (Limited)	Email	<p>A communication sent to a limited group of PG&E personnel that need to respond immediately following an incident. This notification is under Attorney-client privilege.</p> <p>At minimum, the notification contains the following information:</p> <ul style="list-style-type: none"> • Brief Description of Incident • Status of Injured Employee(s) • Medical Center Information • Individuals and/or Organizations that have been notified of the incident • Actions Taken by PG&E 	Issue Owner	Within 48 Hours of Incident	<ul style="list-style-type: none"> • Line of Business (LOB) Lead • Safety Department Leadership • Law Department • Workforce Health and Productivity • Employee Assistance Program • Manager of Injured Employee • Labor Relations (as needed) • Emergency Management (as needed)
Interim Report (Limited)	Electronic Document	<p>An organized, detailed compilation of the CE team's work. This report serves as the central document tracking all team actions performed to ensure that a quality Causal Evaluation was completed. This document is under Attorney-client privilege.</p> <p>At minimum, the report contains the following information:</p> <ul style="list-style-type: none"> • Executive Summary/Introduction • History/Background • Incident Timeline and Description of Incident • Apparent Cause • Corrective Actions • Lessons Learned • Details of Information Gathered for Analysis 	CE Lead	Within 60 Days of Incident	<ul style="list-style-type: none"> • LOB Executive Leadership • Safety Department • Law Department • CE Review Committee
Presentation of Findings & Corrective Actions	Presentation	<p>Summary of the Final Internal (Limited) Report that is presented to the LOB Executive Leadership for verification of the CE team's findings, corrective actions and lessons learned.</p> <p>At minimum, the summary contains the following information:</p> <ul style="list-style-type: none"> • Brief Description of Incident • Causal Analysis • Corrective Actions • Lessons Learned • Effectiveness Review Plan 	CE Lead	Within 90 Days of Incident	<ul style="list-style-type: none"> • LOB Executive Leadership • Safety Department • Law Department • CE Review Committee

ATTACHMENT 5

Settlement Agreement Action Items and Due Dates

PG&E Action	Action date
1. The new Contractor Safety Standard becomes effective.	Effective date of agreement
2. Incorporate enhanced standard contract terms to address contractor safety into all new contracts that have high or medium risk contractor safety tasks included in the scope of work.	Effective date of agreement
3. The PG&E Enterprise Causal Evaluation Standard becomes effective.	Effective date of agreement
4. PG&E to provide to SED a sample Line of Business contractor oversight procedure for comment and review.	March 1,2015
5. The Lines of Business will approve procedures to implement the Enterprise Causal Evaluation Standard.	June 1, 2015
6. The Lines of Business will implement the procedures for the Enterprise Causal Evaluation Standard. (see #5 above)	December 31, 2015
7. Prequalification of all high and medium safety risk contractors under the contractor safety program will be completed.	December 31, 2015
8. Each Line of Business will develop and approve contractor oversight procedures.	December 31, 2015
9. Safety, Health and Environmental Department will develop and implement a process to 'flag' contractors and capture lessons learned so they can be shared across the enterprise.	December 31, 2015
10. PG&E will establish a Cross Functional CE Review Committee responsible for validating compliance with the Enterprise Causal Evaluation Standard and identifying opportunities for continued improvement.	December 31, 2015
11. Prequalification of all high and medium risk subcontractors under the contractor safety program will be completed.	December 31, 2016
12. Incorporate enhanced standard contract terms to address contractor safety into all existing contracts that have high or medium risk contractor safety tasks included the scope of work.	December 31, 2016
13. Each Line of Business will implement their contractor oversight procedures. (see #8 above)	December 31, 2016