California Public Utilities Commission

Annual Report on Trusts and Entities Created by the CPUC

AB 1338 (P.U. Code 326.5) 2013 Report to the Legislature

Stewardship Council

CalCEF

CETF
CALIFORNIA EMERGING TECHNOLOGY FUND

DCISC
DIABLO CANYON
INDEPENDNT SAFETY COMMITTE

January 2014

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ASSEMBLY BILL 1338 (2008)

In September 2008, the California Legislature passed AB 1338, the state budget bill. The bill included a rider creating new Section 326.5 of the California Public Utilities Code. Among other things, the new law requires the Public Utilities Commission to report to the Legislature certain information concerning entities or programs created by order of the Commission.

SEC. 20. Section 326.5 is added to the Public Utilities Code, to read:

326.5. By January 10, 2009, and by January 10 of each year thereafter, the commission shall report to the Joint Legislative Budget Committee and appropriate fiscal and policy committees of the Legislature, on all sources and amounts of funding and actual and proposed expenditures, both in the two prior fiscal years and for the proposed fiscal year, including any costs to ratepayers, related to both of the following:

(a) Entities or programs established by the commission by order, decision, motion, settlement, or other action, including, but not limited to, the California Clean Energy Fund, the California Emerging Technology Fund, and the Pacific Forest and Watershed Lands Stewardship Council. The report shall contain descriptions of relevant issues, including, but not limited to, all of the following:

(1) Any governance structure established for an entity or program.
(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.
(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.
(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.
(5) The public process and oversight governing the entity or program's activities.

(b) Entities or programs established by the commission, other than those expressly authorized by statute, under the following sections:

(1) Section 379.6.
(2) Section 399.8.
(3) Section 739.1.
(4) Section 2790.
(5) Section 2851.

I. ENTITIES OR PROGRAMS ESTABLISHED BY THE COMMISSION (PUBLIC UTILITIES CODE SECTION 326.5(a))

A. THE PACIFIC FOREST AND WATERSHED LANDS STEWARDSHIP COUNCIL

BACKGROUND

The Pacific Forest and Watershed Lands Stewardship Council was formed as a result of CPUC Decision 03-12-035 dated December 18, 2003: *“Opinion Modifying the Proposed Settlement Agreement of Pacific Gas & Electric Company, PG&E Corporation and the Commission Staff, and Approving the Modified Settlement Agreement”*. Paragraph 6 of Section VI, Subsection C specified that a total of $100 million would be provided to the Stewardship Council for The Land Conservation Commitment and the Environmental Opportunity For Urban Youth. Paragraph 6 further stipulated that funding would be paid over 10 years, to be recovered in retail rates. The Stewardship Council does not receive any additional sources of funding at this time.

The Stewardship Council’s mission is to protect and enhance watershed lands and uses, and invest in efforts to improve the lives of young Californians through connections with the outdoors. The Stewardship Council has two goals: to ensure that over 140,000 acres of California's pristine watershed lands are conserved for the public good through the Land Conservation Program, and to invest in outdoor programs that serve young people residing in the PG&E service area through the Youth Investment Program.

Land Conservation Program Accomplishments To Date

- Following a comprehensive public outreach effort, the Stewardship Council Board of Directors adopted the Land Conservation Plan (LCP) on November 28, 2007. The LCP is a comprehensive framework to guide the Stewardship Council’s conservation work.
- As of November, 2013, the Stewardship Council Board of Directors has approved 26 fee-title recommendations, which are anticipated to result in the transfer of over 29,000 acres of land to public entities, nonprofit conservation organizations, and Native American entities. To date, the Board of Directors has selected 11 qualified organizations to hold conservation easements that will protect over 75,000 acres of watershed lands. All decisions of the Board of Directors are made by consensus.
- At its May 8, 2013 meeting, the Board of Directors approved the first Land Conservation and Conveyance Plan (LCCP) on watershed lands for Kennedy Meadows, located in Tuolumne County. Following approval by the California Public Utilities Commission, 240 acres of land at Kennedy Meadows were donated to the County of Tuolumne on November 20, 2013. Concurrently, a conservation easement was recorded that will ensure the beneficial public values of those lands are protected in perpetuity

Youth Investment Program Accomplishments

- Between 2005 and 2012, the Youth Investment Program awarded more than $13 million in grants dedicated to connecting youth with the outdoors.
- Between 2010 and 2013, the Stewardship Council provided financial and in-kind support to establish the Foundation for Youth Investment (FYI), a nonprofit organization created by the Stewardship Council to continue as a funding source for youth programs focusing on outdoor education and experiences. In August 2013, the Stewardship Council awarded $10.7 million to FYI, effectively transferring its remaining youth program net assets to FYI. FYI is to use those grant funds to carry out the purpose of the Stewardship Council's youth investment program.
- Through a grant from the Stewardship Council, FYI developed and funded the Outdoor Educators Institute, a program designed to recruit and train diverse young adults from urban areas to become outdoor instructors. The program has successfully graduated three cohorts of students, many of whom went on to jobs in the outdoors.
- Through a grant from the Stewardship Council, FYI funded a pilot program to help provide transportation assistance to school teachers and school-based programs to enable youth to attend field trips in the outdoors. In the first year of funding, the Outdoor Trips Fund provided funding to help over 9,500 students attend outdoor field trips.

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The Stewardship Council has established an independent Audit Committee which oversees a full financial audit of the organization's financial statements and internal controls processes. This annual audit is available to the public via the Stewardship Council's website, as is the organization's IRS form 990: Return of Private Foundation. Their reports can be found at: http://www.stewardshipcouncil.org/public_information/audited_financial_statements.htm

In addition to supplying the most recently available audit report and tax return, this report outlines the additional information required by the Public Utilities Code 326.5.

(1) Any governance structure established for an entity or program.

a. Articles of Incorporation

http://www.stewardshipcouncil.org/documents/background%20documents/Articles_of_Incorporation.pdf

b. Bylaws

http://www.stewardshipcouncil.org/documents/background%20documents/Corporate%20Bylaws.pdf

c. Settlement Agreement

http://www.stewardshipcouncil.org/documents/background%20documents/Settlement%20Agreement.pdf

d. Stipulation Agreement

http://www.stewardshipcouncil.org/documents/background%20documents/Stipulation%20Signed.pdf

e. Policies and Procedures

Supplied as a separate document – **Addendum 1** (available on CD) SC Policies & Procedures Complete as of 6.12.13.pdf

(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.

a. Schedule of Employees and Compensation:

A summary of staff salaries and benefits are provided in **Table 1**, a more detailed breakdown of salaries and benefits for the top 5 officers is given in **Appendix 1.1**.

Table 1 - General breakdown of staff costs for 5 years to Dec 31, 2012, and 10 months ended October 31, 2013:

Year	Gross Pay	Benefits	401k	Total
2008	$1,104,093	$197,132	$28,382	$1,330,496
2009	$1,341,280	$250,658	$39,568	$1,631,506
2010	$1,657,798	$314,535	$48,442	$2,020,775
2011	$1,590,718	$304,839	$47,210	$1,942,767
2012	$1,535,781	$310,901	$46,193	$1,892,875
2013 (YTD)	$1,024,086	$165,092	$37,240	$1,226,418

(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.

No State staff is currently or ever has been loaned to this organization.

(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.

a. Under the Settlement Agreement, Section 17(c), PG&E is obligated to fund the Stewardship Council annually over a ten year period and is authorized by the Commission to recover these payments in rates. However, the Commission is not a party to any of the contracts entered into by the Stewardship Council.

b. Schedule of professional fees

See **Appendix 1.2**

(5) The public process and oversight governing the entity or program's activities.

a. The Stipulation Agreement provides that:

1. "The meetings of the Governing Board [of the Stewardship Council], including meeting minutes, will be public… The Stewardship Council will publish notice of its meetings in newspapers of general circulation in the counties where affected parcels are located and will maintain a public web site… Before making decisions regarding the disposition of any individual parcel, the Stewardship Council will provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe and/or co-licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner." (Section 11(c)).

2. "The Governing Board will make each decision by consensus" (Section 11(a) "Each member of the Governing Board will report to, and back from, the entity he or she represents before the Governing Board takes any programmatic action . . . in order to ensure that consensus represents the views of that entity." (Section 11(b))

3. "The Stewardship Council will provide semi-annual progress reports to the Commission… Each such report will state (1) actual expenditures and progress achieved towards the stated purpose of the Land Conservation Commitment; (2) unresolved disputes within the Governing Board; and (3) anticipated expenditures and actions during the next reporting period." (Section 14)

b. The Stewardship Council's corporate bylaws provide as follows

Section 11. Public Notice of Meetings.

1. All meetings of the Board, including meeting minutes, shall be public; provided, however, that the Board shall have the authority to undertake a closed meeting in appropriate circumstances. The Board shall publish notice of its meetings in newspapers of general circulation in the affected counties within a reasonable time prior to any meeting and shall maintain a public web site that provides notices of its meetings and copies of all meeting minutes. Upon request, all information available on the web site shall be made available in hard copy to members of the public at cost.

2. Before the Board makes any decision regarding any individual parcel of land, the Board shall provide notice to the Board of Supervisors of the affected county, each affected city, town and water supply entity, each affected tribe and/or co-licensee and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner within a reasonable time prior to the meeting at which the Board will make the decision regarding that land.

c. The board-adopted Policies and Procedures include the following:

Public Noticing

The Stewardship Council is required to “publish notice of its meetings in newspapers of general circulation in the counties where affected parcels are located...” It is also required by its Bylaws to “publish notice of its meetings in newspapers of general circulation in the affected counties within a reasonable time prior to any meeting…” Staff will be responsible for meeting the letter and spirit of these requirements through an inclusive and comprehensive public outreach effort.

Stewardship Council 2013 Public Outreach Activities, Targeted Media Outreach and Noticing

1. The Stewardship Council sent out 12 e-mails to its stakeholders regarding Youth Investment Program/Foundation for Youth Investment updates and information, Land Conservation program updates and information, and public Council board meeting announcements, totaling more than 79,801 individual e-mails sent.
2. Notifications were mailed to 226 neighboring property owners, the Board of Supervisors of the affected county, each affected city, town and water supply entity, and each affected tribe regarding the proposed Land Conversation and Conveyance Plans (LCCPs) for five planning units. The notification explained how stakeholders could submit public comments on the draft LCCP.
3. News releases announcing public board meetings were sent to the Stewardship Council media database, which includes more than 1,100 media outlet representatives.
4. The Stewardship Council requested 23 legal notices to be printed in local papers, noticing the six public board meetings. Notices were printed in papers serving the counties relating to proposed board actions, as well as the location of the meeting.
5. Six notices were disseminated requesting public comment on the draft Land Conservation and Conveyance Plans (LCCPs) for five planning units (including one revised LCCP), resulting in 33,125 individual emails sent.

6. The Stewardship Council's 2012 annual report was posted to the website and with its availability via the website announced via an email to approximately 6,000 stakeholders.
7. As of November 1, 2013, The Stewardship Council database included 12,800 individuals at 4,851 organizations (federal, state and local agencies, nonprofits, schools, tribal entities, foundations and for-profit businesses).

B. THE CALIFORNIA CLEAN ENERGY FUND

BACKGROUND

The California Clean Energy Fund (CalCEF) was established via the bankruptcy settlement between Pacific Gas and Electric Company and the California Public Utilities Commission with CPUC Decision 03-12-035 in Investigation 02-04-026. Funding for CalCEF, $30 million distributed by PG&E over five years, derives from shareholders, not ratepayers, per the terms of the settlement agreement. CalCEF is structured as an independent 501(c)(4) nonprofit corporation, DBA as CalCEF Ventures, and deploys these settlement funds consistent with its nonprofit mission: supporting clean technology development via investment partnerships, business strategies and public policy initiatives. CalCEF Innovations, a related but legally separate 501(c)(3) corporation, receives grant funding from CalCEF Ventures and outside entities to support its public policy and market development efforts. In 2013 CalCEF initiated the formation CalCEF Catalyst, a related but legally separate 501(c)6 corporation, to create new business partnerships and industry acceleration models for clean energy technologies. In no instances has CalCEF Ventures, CalCEF Innovations, or CalCEF Catalyst received funding from utility ratepayers.

CalCEF is a family of entrepreneurial nonprofit organizations focused on the rapid commercialization, deployment and scale up of low-carbon energy technologies. The CalCEF tripartite framework – Ventures, Innovations and Catalyst – identifies market barriers, develops and launches innovative financing solutions to overcome those barriers, and invests in the deployment of those solutions. CalCEF is forging a new model of market, policy and financial innovation to bridge multiple gaps in the development cycle of clean energy technologies.

CalCEF is composed of a team of leading financial professionals, entrepreneurs, policy-makers, and scientists. CalCEF experience and expertise provides the insight and inspiration needed to discover groundbreaking solutions that accelerate the deployment of clean energy technologies.

The **CalCEF Innovations** organization *identifies* policy and market barriers and the financial products, market strategies, policy solutions, and new institutions needed to overcome those barriers.

The **CalCEF Ventures** organization **refines** and *launches* new concepts via CalCEF's Evergreen Investment Fund and the CalCEF broad network of deployment parties.

The **CalCEF Catalyst** organization accelerates the adoption of clean energy solutions by creating platforms for sustained collective action in specific industry sectors.

Since 2005 CalCEF has:

- Created the first venture capital fund of funds in cleantech, employing an "evergreen" reinvestment model;

- Founded the nation's first university center on energy efficiency, at the University of California at Davis;

- Launched the industry's first fund to focus on early-stage financing;

- Collaborated with industry leaders to bring new financing solutions to the efficiency marketplace;

- Helped form the industry's first multi-investor platform for tax equity investment;

- Collaborated with the Lawrence Berkeley National Laboratory to launch a new entity called CalCharge, aimed at developing and deploying new energy-storage technologies

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(1) Any governance structure established for an entity or program.

CalCEF Ventures is governed by a board of 8 directors under its incorporation charter and Bylaws filed in 2004; copies of the charter, 2004 bylaws and 2013 amended and restated Bylaws are provided in separate documents (**Addendum 2**) (Available on CD).

a. *Articles of Incorporation:*

CalCEF Articles of Incorporation and Charter are provided in a separate file: **Addendum 2** CalCEF Incorporation and Bylaws. (Available on CD)

b. *Bylaws:*

CalCEF Bylaws are provided in a separate document: **Addendum 2**

CalCEF Incorporation and Bylaws (Available on CD)

CalCEF Innovations Bylaws are provided in a separate document: **Addendum 3** CalCEF Innovation Bylaws (Available on CD)

c. *Settlement Agreement:*

D.03-12-035 appendix B 18 a-c
http://docs.cpuc.ca.gov/Published/Final_decision/32687.htm

d. *Stipulation Agreement:*

No Stipulation Agreement found

e. *Policies and Procedures:*

CalCEF Policies and Procedures are provided in a separate document: **Addendum 2** CalCEF Incorporation and Bylaws (Available on CD)

(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.

CalCEF employees 3 staff members directly, new staff in 2013. A summary of staff salaries and benefits are provided in **Table 2**:

Table 2 - General breakdown of staff costs for seven years to December 31, 2012, and 9 months ending September 30, 2013:

	Gross Pay	Benefits	Total
2005	$175,000	$1,848	$176,848
2006	$145,833	$3,707	$149,540
2007	$210,000	$5,234	$215,234
2008	$166,083	$6,347	$172,430
2009	$175,481	$11,324	$186,805
2010	$205,270	$16,364	$221,634
2011	$225,167	$17,115	$242,302
2012	$245,257	$13,989	$259,246
2013 (YTD)	$282,379	$12,206	$294,585

(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.

No State staff are currently or ever have been loaned to this organization.

(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.

CalCEF's initial funding of $30 million comes from PG&E shareholders. The funding schedule extends over a five-year period as follows: $2 million in 2004, $4 million in 2005, $6 million in 2006, $8 million in 2007, and $10 million in 2008. Minor funding from other entities has been made by way of donations to CalCEF (Exhibit 2.1). PG&E's role in CalCEF is limited to providing the initial $30 million in funding and appointing three of the initial nine Board members. Authority for this funding was given in CPUC decision D03-12-035, upon settlement of PG&E's bankruptcy.

CalCEF has invested in new technology ventures by entering into partnering contracts with three for profit venture capital partners: Nth Power; VantagePoint Venture Partners; Element Partners (a list of investment ventures is provided in Exhibit 2.2). In 2006 CalCEF made a grant of $0.5 million to UC Davis for the development of the Energy Efficiency Center, and in 2007 made a second grant of $0.5 million per the terms of the grant agreement. In 2008 the CalCEF Clean Energy Angel Fund was established and in 2008 the sister organization CalCEF Innovation was set-up with $0.5 million to address important gaps in public policy regarding motivation of clean energy technology and business solutions, and to pursue needed policy making and public benefit goals. In 2011 and 2012 CalCEF established two new investment vehicles, in 2011 Clean Energy Advantage Partners and in 2012 Renewable Energy Trust. In 2012 CalCEF continued its support of the UC Davis Energy Efficiency Center and committed to $0.5 million grant over the next five years. The investment objectives and distribution of funding among the partners and grantees is shown in Table 3.

Table 3 – *Breakdown of investment distribution between venture capital management partners and grantees*

Year of Investment	Investment Partner	Objective	Total Investment/Grant
2005	DFJ Element Clean Energy Fund, LLP	Support companies solving resource constraint problems	$8 million
2005	Nth Power Clean Energy Fund, LLP	Build relationships that speed the growth of new energy technologies	$8.5 million
2006	Vantage Point Venture Partners	New Clean Energy Technology Investment	$8 million
2006	UC Davis	Energy Efficiency Center	$1 million
2007	CalCEF Clean Angel Fund	Start-up/seed stage investment fund in the clean energy and related technologies markets.	$1 million
2008	CalCEF Innovations	Provide funding for public policy and market strategy development.	$0.5 million
2009	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	$0.05 million
2010	UC Davis	Energy Efficiency Center	$0.05 million
2010	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	$0.05 million
2011	CalCEF Innovations	Provide funding for public policy and market strategy development.	$0.3 million
2011	Clean Energy Advantage Partners	Tax equity investment fund that deploys capital for renewable energy projects	$0.4 million
2011	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	$0.05 million
2011	UC Davis	Energy Efficiency Center	$0.05 million
2012	CalCEF Innovations	Provide funding for public policy and market strategy development.	$0.3 million
2012	UC Davis	Energy Efficiency Center	$0.5 million
2012	Renewable Energy Trust	Solar PV investment fund that deploys capital for renewable energy projects.	$0.65 million
2013	CalCEF Innovations	Provide funding for public policy and market strategy development.	$0.3 million

(5) The public process and oversight governing the entity or program's activities.

CalCEF is an non-profit 501(c)4 corporation. It is not funded through either direct taxation or via energy ratepayers; it is subject to public oversight as suits its nonprofit organization status.

C. THE CALIFORNIA EMERGING TECHNOLOGY FUND

BACKGROUND

The California Emerging Technology Fund (CETF) was established as a non-profit corporation pursuant to orders from the California Public Utilities Commission (CPUC) in approving the mergers of SBC-AT&T and Verizon-MCI in 2005. As a condition of approval of the mergers, AT&T and Verizon were required to contribute to CETF a total of $60 million over 5 years "for the purpose of achieving ubiquitous access to broadband and advanced services in California, particularly in underserved communities, through the use of emerging technologies by 2010." The funds were transferred by both companies by 2010. The funds have not yet been exhausted.

The CPUC stated that CETF should pursue the goals of expanding adoption and usage of broadband technology in addition to promoting ubiquitous access: "We understand that without computers and computer literacy neither availability nor access will ensure use. It is low use that is at the heart of the digital divide. CETF should consider the possibility of public/private partnerships to develop community broadband access points that provide both."

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(1) Any governance structure established for an entity or program.

The CPUC orders specified the initial composition and process for constituting the 12-person CETF Board of Directors: four were to be appointed by the CPUC, four were to be appointed by the companies (three by SBC, of which only one could be an employee, and one by Verizon), and these eight were to appoint the remaining four. Initial appointments were made in April 2006 and the Board was fully constituted by the end of June 2006.

Board membership may be found here: http://cetfund.org/aboutus/board

a. Articles of Incorporation— http://cetfund.org/governance/articles-incorporation

b. Bylaws— http://cetfund.org/governance/bylaws

c. Settlement Agreement—The Decisions authorizing the mergers and the creation of CETF are D.05-11-028 and D.05-11-029.

The CPUC's website devoted to the SBC-AT&T merger is here: http://www.cpuc.ca.gov/PUC/hottopics/2Telco/archive/A0502027.htm

The Decision authorizing the acquisition of MCI by Verizon is here: http://www.cpuc.ca.gov/PUC/hottopics/2Telco/archive/A0504020.htm

e. Stipulation Agreement—No Stipulation agreement is given for this entity.

f. Policies and Procedures—See Attachment A.

(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.

Table 4 - Schedule of employees with salaries and expenses.

Year	**Gross Pay**	**Benefits**	**Total***
July 2008-June 2009	$ 977,577	$153,427	$1,131,004
July 2009-June 2010	$1,126,019	$241,568	$1,367,587
July 2010-June 2011	$1,247,106	$267,799	$1,514,905
July 2011-June 2012	$1,320,427	$286,904	$1,607,331
July 2012-June 2013	$1,429,589	$322,854	$1,752,443

*These numbers reflect audited financials. Benefits include employer retirement contribution.

(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.

None. There are no state employees at CETF, nor have there ever been any loaned or transferred state employees.

(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.

a. Schedule of contracts. There are professional contracts and agreements with grantees. The contracts are listed below. For the grantees the Status of Current Grants, in Attachment B, describes the project, the grant amount and the deliverables and outcomes. The deliverables and outcomes are important to establish the management and oversight of the grantees. These numbers are for the fiscal year July 2012 – June 2013. There is also a list of completed grants in Attachment C.

Accounting	Total	$ 77,713
Consortia for Adoption	Total	$ 29,952
Consortia for Deployment	Total	$ 97,191
IT Tech Support	Total	$ 88,141
Legal Counsel	Total	$ 2,829
Plan Administrators	Total	$ 7,518
Printing	Total	$ 21,214
Public Awareness and Education	Total	$913,916
School2Home Consultants	Total	$133,593
Website Support/Online Grant Services	Total	$ 4,658

b. Schedule of contracts and source of funding for contracts. Under the mergers of AT&T/SBC and Verizon/MCI approved by the CPUC, both companies are obligated to fund CETF annually over a five year period for a total of $60 million. This funding is from the shareholders of each company and not the ratepayers. Both companies have completed their payments. During the 2010 fiscal year CETF was awarded two federal grants from the National Telecommunications Information Agency (NTIA) for a total of $14.2 million which were completed in FY 2012-2013.

(5) The public process and oversight governing the entity or program's activities.

CETF is incorporated as a California 501(c)3 non-profit corporation as a public benefit corporation. It has a Board of Directors that provides oversight. CETF was established with shareholder funds from AT&T and Verizon. There were no ratepayer funds in the seed capital that funded CETF.

CETF shares a progress report annually with CPUC Commissioners. Sunne Wright McPeak, CETF President and CEO, met individually with 4 Commissioners in January 2013 and recently-appointed Commissioner Peterman in October 2013. A copy is in Attachment D.

The California Broadband Council (CBC) which was established to marshal the state's resources to further the policy of increasing broadband network deployment, and eliminating the Digital Divide by expanding broadband accessibility, literacy, adoption, and usage. While CETF President and CEO, Sunne McPeak, is a member of the CBC, CETF has made presentations on policy issues and grant programs to this group.

CETF publishes an annual report describing the grants to date, the metrics, and outcomes of the investments, and detailed financial information. In addition to mailing printed copies CETF distributes an electronic copy to everyone who signed up on the CETF website. It is also posted on the organization's website at: http://www.cetfund.org/annualreports.

The IRS 990s for the past three years are in Attachment E.

CETF hosts a wide range of public forums during the year, including a meeting with its Expert Advisors, Rural and Urban Consortia, and grantees all designed to provide and solicit information about the grants and future directions.

CETF is required by California law to comply with the Non-Profit Integrity Act of 2004. CETF has established an independent Audit Committee which oversees a full financial audit of the financial statements. All the audits are on the CETF website at: http://www.cetfund.org/aboutus/finances/audit.

(6) All sources and amounts of funding and actual and proposed expenditures, both in the two prior fiscal years, and for the proposed fiscal year, including any costs to ratepayers.

a. Sources and amounts of funding. Under the mergers of AT&T/SBC and Verizon/MCI approved by the CPUC, both companies were obligated to fund CETF annually over a five year period for a total of $60 million. This funding is from the shareholders of each company and not the ratepayers and is paid in full.

During the 2010 fiscal year CETF was awarded two federal grants from the NTIA for a total of $14.2 million which were completed in FY 2012-2013.

b. Actual and proposed expenditures. The audit financial statements are available at the http://www.cetfund.org/aboutus/finances/audit for the past 3 fiscal years. The operating budget for CETF has remained the same for the last 3 fiscal years and will not increase by Board policy. The budget (projected expenses) for the current fiscal year is Attachment F.

c. Costs to ratepayers. None of the costs are charged to ratepayers.

QUICK FACTS

1. Contributions from AT&T and Verizon were completed as of December 2010, $60,000,000.
2. Grants approved through June 2013, $27,625,796.
3. Seed Capital committed through June 2013, $25,584,596.
4. Four fold match goal of seed capital exceeded as of June 2013 (1:4), $94,485,598.

MAJOR HIGHLIGHTS AND ACCOMPLISHMENTS FROM 2012 - 2013

1. Exceeded goals for both of the NTIA grants: Access to Careers and Technology for Training for Adoption by 101% for 9,331, for Jobs by 107% for 2,745; and for the Broadband Awareness and Adoption for Adoption by 106% for 718,741 and for Training by 149% for 198,714.

2. Managed $24.5 million in 78 Grant Agreements, of which 51 are original grants and 46 are now complete. Final Reports are posted at: http://www.cetfund.org/investments/portfolio and can be accessed by clicking the group's names.

3. Organized and launched *Get Connected!* Grants application, assessment, and award process engaging the Expert Advisors in the *Get Connected!* grant reviews.

4. Maintained or exceeded goal of 4+ leveraging (3:1) of seed capital.

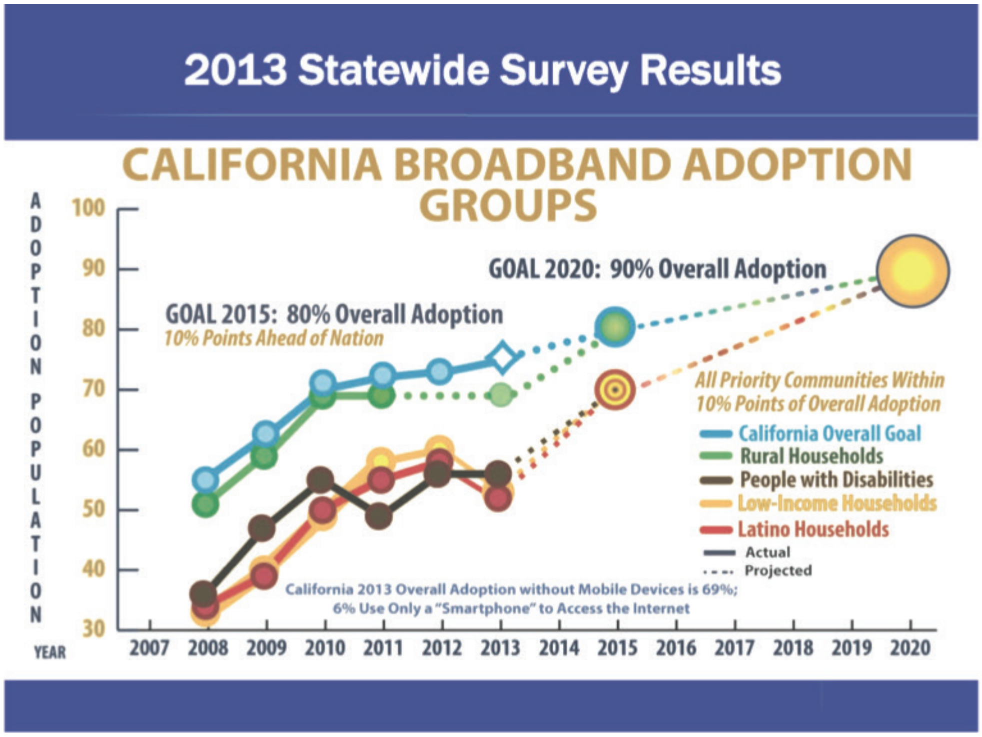
5. Advanced implementation of the ICT Digital Literacy Action Plan through partnership with Stride Center and EmpowerNet California:
   a. Secured policy positions and resolutions from several local WIBs.
   b. Presented policy recommendations to the California Workforce Association.
   c. Engaged the Executive Director of the California Workforce Investment Board.

6. Secured support from 56 of 58 counties for the ***Get Connected!*** resolution indicating. broadband is an increasing priority for local government.

7. Completed School2Home training for 5,000 students and parents as well as 180 teachers and staff in 7 schools.

8. Contributed to the significant increase in adoption among low-income populations, especially in Los Angeles and the Central Valley, as measured by the annual survey the Public Policy Institute of California, with support from CETF and ZeroDivide. The latest

survey results from PPIC are from June 2013 The first chart below shows progress overtime and second show the progress from 2008 to 2013:



Progress in Closing the Digital Divide in California

PPIC-CETF-ZeroDivide 2013 Statewide Survey

Priority Communities	Internet Use			Broadband at Home		
	2008	2012	2013	2008	2012	2013
All Californians	70%	87%	86%	55%	73%	69%
Under $40,000 AHI	49%	79%	77%	33%	60%	53%
Latinos	48%	78%	77%	34%	58%	52%
Blacks	82%	93%	91%	66%	74%	71%
With Disability	57%	76%	74%	36%	56%	56%
Los Angeles	61%	86%	86%	48%	69%	64%
Rural	63%		81%*	51%		69% *

** As of 2010. Note: Statewide adoption rate with mobile is 75%.*

CETF

D. THE DIABLO CANYON INDEPENDENT SAFETY COMMITTEE

BACKGROUND

The Diablo Canyon Independent Safety Committee ("DCISC") was established as a part of a settlement agreement entered into in June 1988 between the Division of Ratepayer Advocates of the California Public Utilities Commission ("CPUC"), the Attorney General for the State of California, and Pacific Gas and Electric Company ("PG&E") concerning the operation of the two units of PG&E's Diablo Canyon Nuclear Power Plant ("Diablo Canyon"). The agreement provided that:

> "An Independent Safety Committee shall be established consisting of three members, one each appointed by the **Governor of the State of California**, the **Attorney General,** and the **Chairperson of the California Energy Commission**, respectively, serving staggered three-year terms. The Committee shall review Diablo Canyon operations for the purpose of assessing the safety of operations and suggesting any recommendations for safe operations. Neither the Committee nor its members shall have any responsibility or authority for plant operations, and they shall have no authority to direct PG&E personnel. The Committee shall conform in all respects to applicable federal laws, regulations and Nuclear Regulatory Commission ('NRC') policies."

The committee acts as an advisory body and has no independent budget.

On January 25, 2007, the CPUC approved a modified charter for the Safety Committee in D.07-01-028. Section 1.B of the new charter concerns appointments of Committee members. It states that candidates for the Committee membership shall be selected from those applicants responding to an open request for application and requires the CPUC to provide for public comment on the applicants' qualifications and potential conflicts of interest. Under the modified charter, the President of the CPUC is required to review the applicants' qualifications, experience, and background, including any conflict of interest, together with any public comments, and propose candidates to the appointing authority with knowledge, background, and experience in the field of nuclear power plants and nuclear safety issues. The CPUC Energy Division is required to prepare and circulate for public comment, and place on the CPUC public agenda a resolution ratifying the President's selection of candidates.

CURRENT STATUS

Currently there is one vacancy on the Diablo Canyon Independent Safety Committee for a three-year term that begins on or after July 1, 2013 and ends on June 30, 2016. This vacancy is to be filled by a nominee to be appointed by the California Attorney General. The CPUC has submitted two potential nominees for this appointment, but the California Attorney General's office has not yet made its decision for selecting one.

E. NUCLEAR DECOMMISSIONING TRUSTS

BACKGROUND

In OII 86 the CPUC conducted an investigation into managing the decommissioning trust funds for California's nuclear power plants. As a result, in D.87-05-062, the CPUC adopted externally managed trusts as the vehicles for accruing decommissioning funds. Two types of funds were established.

1. The *Qualified Trust* funds are contributions that qualify for an income tax deduction under Section 468A of the IRS Code.

2. The *Non-qualified Trust* funds are those contributions that do not qualify for an income tax deduction.

Each utility has a Committee made up of 5 members who are responsible for directing and managing their nuclear decommissioning trusts. Two of the Committee members are utility affiliated. The three that are not affiliated with the utility are the CPUC-approved members that serve a term of five years. The Committee appoints trustees and investment managers. On November 25, 1987, Resolutions E-3060, E-3048, and E-3057 approved, respectively, San Diego Gas & Electric's (SDG&E), PG&E's, and Edison's (SCE) Master Trust Agreements.

The utilities employ a stable of investment managers and advisors for their decommissioning trusts.

<u>Investment Managers</u>

SDG&E:

-
- State Street Global Advisors [Qualified trust US & Foreign equity]
- Neuberger Berman [Fixed income for qualified trust]
- Payden & Rygel [Fixed income for qualified trust]
- JP Morgan [Qualified trust fixed income]
- AllianceBernstein [Qualified / non-qualified trust fixed income]

PG&E:

- Black Rock Financial Management [Qualified/non-qualified trust fixed income]
- NISA Investment Advisors [Qualified trust fixed income]
- State Street Global Advisors [Qualified/non-qualified trust US equities]
- PanAgora Asset Management [Non-US equities]
- Rhumbline Advisers [U.S. equity]
- Earnest Partners [Qualified. fixed income]

SCE:

- STW Fixed Income Management [Qualified trust fixed income]
- Black Rock Financial Management [Qualified trust fixed income]
- AllianceBernstein [Qualified trust fixed income]
- PanAgora Asset Management [Qualified trust international equity assets]
- Rhumbline Advisers [Qualified trust US equity assets]
- RCM [Non-qualified trust US equity assets]
- SSGA [Qualified/non-qualified US equity assets]
- PIMCO [Qualified/non-qualified fixed income assets]

Table 5 – The Trust Fund balances as of June 30, 2013:

Utility	**Nuclear Plant**	**Fund Balance**
PG&E	HBPP 3	$222.8 Million
PG&E	DCPP 1	$974.7 Million
PG&E	DCPP 2	$1,287.5 Million
SCE	SONGS 1	$205.8 Million
SCE	SONGS 2	$1,287.2 Million
SCE	SONGS 3	$1,450.6 Million
SDG&E	SONGS 1	$100.3 Million
SDG&E	SONGS 2	$346.8 Million
SDG&E	SONGS 3	$401.6 Million
SCE	Palo Verde 1	$295.5 Million
SCE	Palo Verde 2	$302.7 Million
SCE	Palo Verde 3	$311.9 Million

Trustee

Mellon Bank N.A. acts as the trustee for SDG&E, PG&E and SCE Decommissioning Trusts by providing custody, record keeping, accounting, taxation, and reporting services on behalf of the trusts.

The Nuclear Regulatory Commission (NRC) has some basic regulations that must be followed regarding decommissioning. These are:

1. Licensees are required to have sufficient funds to decommission the plant. [10 CFR 50.75]. The utilities with nuclear plants file a report every two years with the NRC showing estimated decommissioning costs according to the NRC methodology, and how much money has been set aside for that purpose. The NRC definition of decommissioning is related only to the 'nuclear' portion of the plant. In California, decommissioning also includes restoring the site to its original condition, which includes additional activities and which requires accumulation of more funds.

2. After permanent plant shutdown, certain activities may not be performed that would prevent completion of decommissioning [10 CFR 50.82(6)].

In the 2009 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP), the Commission undertook a comprehensive review of the management and administration of these externally managed nuclear decommissioning trust funds for each of the three major investor-owned electric utilities. In January 2013, the CPUC issued Decision D. 13-01-039, which allows for greater flexibility in trust fund management by allowing for increases in the amount of equity investments and lower-rated higher-yield domestic and foreign bonds to increase the overall yield of the decommissioning trust funds. In the course of the NDCTP the CPUC reviews the trust fund levels and any potential adjustments to amounts paid by ratepayers into the trust funds. The 2012 NDCTP is currently underway, with a Decision expected in early 2014.

II. ENTITIES OR PROGRAMS ESTABLISHED BY THE COMMISSION (PUBLIC UTILITIES CODE SECTION 326.5(b))

A. 21st CENTURY ENERGY SYSTEMS – RESEARCH AND DEVELOPMENT AGREEMENT

Background and the Budget Trailer Bill

On December 20, 2012, the Commission authorized the “21st Century Energy Systems” (CES-21) in D. 12-12-031 (Decision). The Decision authorized development of a five-year “Cooperative Research and Development Agreement “ (CRADA), between Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) and the Lawrence Livermore National Laboratories (LLNL). Due to a number of changes mandated by the legislature in the Budget Trailer Bill (Senate Bill 96) the CPUC will be revising the CES-21 Decision to comply with the legislation.

Due to the legislative mandate the funding for CES-21 has been reduced from $152.19 million to $35 million over the next five-year research period. The entire project cost will be funded by utility ratepayers and the new CPUC CES-21 Decision will need to re-allocate the percentage shares that each IOU will be responsible for. SB 96 directed the $35 million to be used for cyber security and grid integration but remains silent on the fund allocation ratio between the two project areas.

Board of Directors and Project Requirements

SB 96 language changed the configuration of the Governance Structure for CES-21, limiting the original seven board members to three project managers one from each of the participating utilities. The legislation also requires that projects approved for funding under CES-21 must meet specified criteria as to be adopted in the new CES-21 CPUC Decision:

1. The total research expenditures over the next five-year research period must not exceed $35 million.
2. Each research project should demonstrate that it falls within cyber security or grid integration and must be concluded by the fifth anniversary of their start date.
3. Each research proposal must ensure that research parameters reflect a new contribution to cyber security and that there are no duplicative research being conducted by other private and governmental entities.

Commission Oversight and Next Steps

SB 96 voided the three joint advice letters, namely, Advice 3379-G/4215-E (PG&E), Advice 2887-E (SCE), and Advice 2473-E (SDG&E), that were submitted on April 19, 2013. The CPUC has already rejected the three Advice Letters and is currently in the process of writing a new CES-21 Decision that will incorporate the legislative mandates.

SB 96 requires that the three IOUs prepare and submit a joint report to the CPUC by December 1, 2013, scoping all proposed research projects, how the proposed project may lead to technological advancement and potential breakthroughs in cyber security and grid integration, and the expected timelines for concluding the projects. Within 30 days of receiving the report, the CPUC is required to determine if the report is sufficient. Upon determining that the report is sufficient, the CPUC is required to submit the report to the Legislature in compliance with Section 9795 of the Government Code.

The CES 21 annual report was sent to the CPUC on December 1, 2013. However, since the original CES 21 Decision was limited by the statute, the CPUC will reject the report and advise the IOUs via a new Decision. The new Decision will confirm the new requirements are in accordance to the SB 96 statute and will be issued by presiding Administrative Law Judge Kersten.

Upon the completion of a project funded by CES-21 the IOU's are required to file a joint report summarizing the outcome of all funded projects, including an accounting of expenditures by the project managers and grant recipients on administrative and overhead costs and whether the project resulted in any technological advancements or breakthroughs in promoting cyber security and grid integration. The CPUC will review the report and after determining that it is sufficient, submit the report to the Legislature in compliance with Section 9795 of the Government Code.

APPENDICES and EXHIBITS

Appendix 1.1 Pacific Forest and Watershed Lands Stewardship Council

Schedule of Employee Compensation for Active Employees
Active Employees as of 10/31/2013

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	155,617	21,371	6,216	183,204
Director of Land Conservation	150,916	12,815	6,015	169,746
Director of Finance	102,812	16,129	2,350	121,291
Director of Special Projects	99,843	19,437	3,985	123,265
Operations and HR Manager	97,995	21,699	3,920	123,614
Other Staff (9 positions)	416,903	73,641	14,754	505,298
Grand Total (14 positions)	1,024,086	165,092	37,240	1,226,418

Schedule of Employee Compensation for Active Employees
Active Employees as of 12/31/2012

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	177,498	25,797	7,044	210,339
Director of Land Conservation	164,619	16,973	6,581	188,173
Director of Youth Investment	128,500	26,739	5,120	160,359
Director of Finance (partial year)	9,792	2,436	0	12,227
Director of Special Projects	113,850	22,032	4,554	140,706
Other Staff (17 positions)	941,822	216,654	22,895	1,315,137
Grand Total (22 positions)	1,535,781	310,901	46,193	1,892,875

Schedule of Employee Compensation for Active Employees
Active Employees as of 12/31/2011

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	175,000	25,032	6,996	207,028
Director of Land Conservation	158,964	16,866	6,355	182,185
General Counsel	153,600	22,556	3,072	179,228
Director of Youth Investment	127,946	24,723	5,093	157,762
Deputy Director of Land Conservation	108,754	18,111	4,348	131,213
Other Staff (16 positions)	866,454	197,552	21,345	1,085,351
Grand Total (21 positions)	1,590,718	304,839	47,210	1,942,767

Schedule of Employee Compensation for Active Employees

Active Employees as of 12/31/2010

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	175,000	22,671	7,000	204,671
Director of Land Conservation	153,513	21,727	3,070	178,310
General Counsel	153,801	17,560	6,152	177,512
Director of Youth Investment	125,033	23,093	5,001	153,127
Director of Finance	100,000	17,557	3,667	121,224
Other Staff (16 positions)	950,451	211,928	23,552	1,185,931
Grand Total (21 positions)	1,657,798	314,535	48,442	2,020,775

Active Employees as of 12/31/2009

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	153,125	20,795	3,500	177,420
Director of Land Conservation	146,000	20,834	7,790	174,624
General Counsel	147,700	21,180	2,708	171,588
Director of Youth Investment	120,492	20,066	5,373	145,931
Director of Finance	89,216	18,593	3,569	111,377
Other Staff (15 positions)	684,747	149,190	16,629	850,566
Grand Total (20 positions)	1,341,280	250,658	39,568	1,631,506

Active Employees as of 12/31/2008

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	181,111	23,302	7,244	211,657
Director of Land Conservation	139,833	18,923	3,553	162,310
General Counsel	139,941	21,410	0	161,351
Director of Youth Investment	113,328	19,055	4,533	136,916
Finance Manager	84,276	16,231	3,208	103,715
Other Staff (10 positions)	446,494	98,211	9,843	554,548
Grand Total (15 positions)	1,104,983	197,132	28,382	1,330,496

Active Employees as of 12/31/2007

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	172,323	22,242	6,893	201,457
Director of Youth Investment	96,688	17,378	3,868	117,933
Finance Manager	80,732	15,632	3,229	99,593
Other Staff (8 positions)	266,674	60,585	3,961	331,218
Grand Total (11 positions)	616,416	115,837	17,951	750,202

Appendix 1.2 Pacific Forest and Watershed Lands Stewardship Council

Schedule of Professional Fees
As of 09/30/2013
Presented by G/L Category

G/L Category	Total Paid
Total Legal Fees:	$26,313
Total Accounting Fees:	$48,587
Total Investment Management Fees:	$69,020
Total Land Planning	$140,160
Total Professional Services	$20,818
Total Graphics/Media/PR:	$16,922
Total Land Transfer Costs	$19,800
Total Consultant Expense	**$341,620**

Exhibit 2.1

California Clean Energy Fund

Donating Entities to CALCEF

Date	Contributing Entities	Contribution
2005	Dewy Ballantine LLP	$20,000
2005	Cooley Goward	$10,000
2005	PG& E	$4,050,000
2006	Dewy Ballantine LLP	$20,000
2006	PG&E	$6,000,000
2007	Dewey Ballantine LLP	$20,000
2007	Nth Power Clean Energy Fund LP	$20,000
2007	DFJ Alta Terra Clean Energy Fund	$20,000
2007	PG&E	$8,000,000
2008	PG&E	$10,000,000

Exhibit 2.2

California Clean Energy Fund

Investment Summary

CalCEF has invested in the following projects via their four venture capital partners: Nth Power, VantagePoint Venture Partners, Element Partners, and the CalCEF Clean Energy Angel Fund.

Year of First Investment	Entity
2005	CoalTek Inc.
2005	Imperium Renewables
2005	SpectraSensors Inc.
2005	SuperProtonic Inc.
2006	Angstrom Power
2006	Arxx Corporation
2006	Blue Egg Inc.
2006	Bright Source Energy Inc.
2006	Chemrec AB
2006	Cobalt Technologies Inc.
2006	Deeya Energy Inc.
2006	Fat Spaniel Tech. Inc.
2006	Imara Corporation
2006	Mascoma Corp.
2006	Miartech Inc.
2006	Microposite Inc.
2006	Microposite Inc.
2006	PPT Research Inc.
2006	Solar Century
2006	Soliant Energy Inc.
2006	Synapsense Corp.
2006	Tesla Motors Inc.
2006	Thetus Corp.
2007	BioFuelBox Corporation
2007	BridgeLux
2007	DynaPump Inc.
2007	Earthanol Inc.
2007	Energex
2007	LumaSense LLC.
2007	Petra Solar Inc.
2007	Premium Power Corp.
2007	TerraPass Inc.
2007	Think Global AS
2007	Tioga Energy Inc.
2007	Wasatch Wind Inc.
2007	Xerocoat
2007	Ze-gen
2008	EdenIQ
2008	Senergen
2009	Allopartis Biotechnologies
2009	Lumetric Lighting, Inc.
2010	REEL Solar
2011	Alphabet Energy
2012	Boulder Ionics
2012	Novatorque, Inc.