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December 21, 2001

Maria Gray  
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VIA FEDEX

Securities and Exchange Commission  
 Division of Corporate Finance  
 450 Fifth Street, NW  
 Washington, D.C. 20549

Public Avail. Date: 1/24/02 0225200203  
 Act Section Rule  
 1934 14(a) 14a-8

Re: Shareholder Proposal of Laborers' District Council of Western Pennsylvania  
 Pension Fund

Ladies and Gentlemen:

PG&E Corporation (the "Corporation") has received a shareholder proposal (the "Proposal") from Laborers' District Council of Western Pennsylvania Pension Fund ("Laborers' Fund") for consideration at the Corporation's 2002 Annual Meeting of Shareholders. The annual meeting is scheduled to be held on April 17, 2002. For the reasons set forth below, the Corporation intends to omit the Proposal and the accompanying supporting statement from the proxy statement and form of proxy for the 2002 annual meeting.

We have enclosed six copies of this letter and the Proposal and attached all other correspondence. A copy of this letter is also being sent to the Laborers' Fund as notice of the Corporation's intent to omit the Proposal from the Corporation's proxy statement for its 2002 annual meeting.

#### BACKGROUND

On December 11, 2001, the Corporation received a letter from the Laborers' Fund, containing a proposal for consideration at the Corporation's 2002 annual meeting of shareholders. The Proposal requests that the Corporation include in future proxy statements a description of the role of the Corporation's Board of Directors (the "Board") in development and monitoring of the Corporation's long-term strategic plan. The Proposal specifies that the disclosure include: (1) a description of the Corporation's corporate strategy development process, including timelines; (2) an outline of the specific tasks performed by the Board in the strategy development and the compliance monitoring processes, and (3) a description of the mechanisms in place to ensure director access to pertinent information for informed director participation in the strategy development and monitoring processes.

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### REASONS FOR OMISSION

The Corporation believes it may properly omit the Proposal from its 2002 proxy materials because it relates to ordinary business operations of the Corporation and therefore may be excluded under SEC Rule 14a-8(i)(7).

### DISCUSSION

Pursuant to Rule 14a-8(i)(7), a proposal may be excluded if it deals with matters that relate to the company's ordinary business operation. In a May 1998 release amending its rules on shareholder proposals (Securities Exchange Act Release No. 34-40013, May 21, 1998), the Commission noted that the policy underlying the ordinary business exclusion rests on two central themes. The first policy consideration is that "certain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight... The second policy consideration relates to the degree to which the proposal seeks to "micro-manage" the company by probing too deeply into matters of a complex nature upon which shareholders, as a group would not be in a position to make an informed judgment." Circumstances under which this consideration may come into play include where the proposal "...seeks to impose specific... methods for implementing complex policies."

The Staff of the Commission also has indicated that where a proposal involves additional disclosures in Commission-prescribed documents on a particular aspect of a registrant's business, such as is the case with the Proposal, the Staff will consider whether the subject matter of the report involves a matter of ordinary business. Where it does, the proposal, even though it requires only the preparation of a report and not the taking of any action with respect to such business operations, will be excludable. Johnson Controls, Inc. (October 26, 1999); see also Securities Exchange Act Release No. 34-20091 (August 16, 1983).

#### The Proposal May be Excluded Because the Requested Disclosure Relates to Detailed Corporate Processes Which are Ordinary Business Operations.

The Proposal requests that there be included in future proxy statements a description of the Board's role in the development and monitoring of the Corporation's long-term strategic plan, including: a description of the Corporation's corporate strategy development process, *including timelines*; an *outline of the specific tasks* performed by the Board in the strategy development and the compliance monitoring processes, and a description of *the mechanisms in*

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place to ensure director access to pertinent information (*emphasis added*). By doing so, the Proposal is dictating specific methods for the Board to structure its long-term planning process.

The detailed nature of the requested disclosure demonstrates a desire to oversee the on-going process by which the Board and management regularly review and decide among various strategies and make determinations as to corporate plans. At the same time, the nature of the report requested in the Proposal relates to methods for implementing long-term strategic plans of a large corporation, which by their nature are complex and involve policy implementation. Thus, the Proposal may be excluded because the requested disclosure relates to corporate processes which are ordinary business operations.

#### **The Proposal May be Excluded Because it Concerns Disclosure of Strategic Planning, an Ordinary Business Operation.**

As described above, the Proposal requests a report on the Board's role in long-term strategic planning be included in the Corporation's annual proxy statements. The Staff has repeatedly taken the position that proposals relating generally to a company's strategy are matters relating to the conduct of the company's ordinary business. In CVS Company (February 1, 2000), the Staff found that a proposal relating to the company's preparation of an annual strategic plan report for the shareholders was excludable from the company's proxy materials because the report related to ordinary business operations of the company. The Proposal here is similar to the CVS proposal in that it requests the preparation of a report in the Corporation's annual proxy statement providing details of the strategic planning process. The Staff also excluded the proposals in Westinghouse Electric Corporation (January 27, 1997) (proposal requested that company issue to shareholders a comprehensive and detailed report of its business practices and operations), and Statesman Group, Inc. (March 22, 1990) (proposal appears to be directed at the company's general business strategies and operations) because they related to ordinary business of the companies. *See also*, Sizeler Property Investors, Inc. (February 7, 1997); Novamatrix Medical Systems, Inc. (June 12, 1996), Integrated Circuits Inc. (Dec. 27, 1988).

The Proposal may be excluded because it concerns disclosure of strategic planning, an ordinary business operation.



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### CONCLUSION

On the basis of the foregoing, the Corporation intends to omit the Proposal from the Corporation's proxy materials for the Annual Meeting. PG&E Corporation respectfully requests the concurrence of the staff of the Commission that the Proposal may be excluded from the Corporation's proxy statement relating to its 2002 annual meeting. If the Staff does not concur with this position, we would appreciate an opportunity to confer with the Staff concerning these matters prior to the issuance of its Rule 14a-8 response.

The Corporation intends to release definitive copies of its proxy materials to its shareholders on or about March 13, 2002, and wishes to release a draft of the proxy materials to its printer by February 21, 2002. Accordingly, we would appreciate the Commission's response as promptly as possible.

If you have any questions or would like any additional information regarding the foregoing, please do not hesitate to call me at 415/773-5464. If possible, I would appreciate it if the Staff would send a copy of its response to this request to me by fax at 415-773-4276 when it is available.

Please confirm this filing by returning a receipt-stamped copy of this letter. An extra copy of this letter and a pre-addressed postage paid envelope are enclosed.

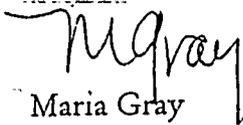


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Thank you for your attention to this matter.

Very truly yours,



Maria Gray

Attachments

cc: Dennis Sarnowski (Laborer's District Counsel of Western PA Pension Fund)  
Linda Prescilla (Laborer's International Union of North America Corporate Governance  
Project)  
Linda Y.H. Cheng  
Gary P. Encinas

00020

Resolved, that the shareowners of PG&E Corporation ("Company") hereby urge that the Board of Directors include in future proxy statements a description of the Board's role in the development and monitoring of the Company's long-term strategic plan. Specifically, the disclosure should include the following: (1) A description of the Company's corporate strategy development process, including timelines; (2) an outline of the specific tasks performed by the Board in the strategy development and the compliance monitoring processes, and (3) a description of the mechanisms in place to ensure director access to pertinent information for informed director participation in the strategy development and monitoring processes.

**Statement of Support:** The development of a well-conceived corporate strategy is critical to the long-term success of a corporation. While senior management of our Company is primarily responsible for development of the Company's strategic plans, in today's fast-changing environment it is more important than ever that the Board engage actively and continuously in strategic planning and the ongoing assessment of business opportunities and risks. It is vitally important that the individual members of the Board, and the Board as an entity, participate directly and meaningfully in the development and continued assessment of our Company's strategic plan.

A recent report by Price.waterhouseCoopers entitled "Corporate Governance and the Board - What Works Best" examined the issue of director involvement in corporate strategy development. The Corporate Governance Report found that chief executives consistently rank strategy as one of their top issues, while a poll of directors showed that board contributions to the strategic planning process are lacking. It states: "Indeed, it is the area most needing improvement. Effective boards play a critical role in the development process, by both ensuring a sound strategic planning process and scrutinizing the plan itself with the rigor required to determine whether it deserves endorsement."

The Company's proxy statement, and corporate proxy statements generally, provides biographical and professional background information on each director, indicating his or her compensation, term of office, and board committee responsibilities. While this information is helpful in assessing the general capabilities of individual directors, it provides shareholders no insight into how the directors, individually and as a team, participate in the critically important task of developing the Company's operating strategy. And while there is no one best process for board involvement in the strategy development and monitoring processes, shareholder disclosure on the Board's role in strategy development would provide shareholders information with which to better assess the performance of the board in formulating corporate strategy. Further, it would help to promote "best practices" in the area of meaningful board of director involvement in strategy development.

We urge your support for this important corporate governance reform.

00021



# Laborers COMBINED FUNDS OF WESTERN PENNSYLVANIA

*Serving the Laborers' District Council of Western Pennsylvania  
Pension Fund, Welfare Fund and other affiliated Funds*

1109 FIFTH AVENUE • PITTSBURGH, PENNSYLVANIA 15219-6203  
PHONE: 1-412-263-0900

Sent Via Fax: Facsimile: (415) 267-7268

December 10, 2001

Leslie H. Everett  
Vice President and Corporate Secretary  
PG&E Corporation and  
Pacific Gas and Electric Company  
One Market Spear Tower  
Suite 2400  
San Francisco, CA 94105

Re: Shareholder Proposal

Dear Ms. Everett:

On behalf of the Laborers' District Council of Western Pennsylvania Pension Fund ("Fund"), I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in the PG&E Corporation ("Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the U.S. Securities and Exchange Commission's proxy regulations.

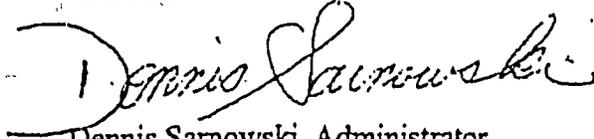
The Fund is the beneficial owner of approximately 10,500 shares of the Company's common stock, which have been held continuously for more than a year prior to this date of submission. The Fund, like many other Building Trades' pension funds, is a long-term holder of the Company's common stock. The Proposal is submitted in order to promote a governance system at the Company that enables the Board and senior management to manage the Company for the long-term. Maximizing the Company's wealth generating capacity over the long-term will best serve the interests of the Company shareholders and other important constituents of the Company.

The Fund intends to hold the shares through the date of the Company's next annual meeting of shareholders. The record holder of the stock will provide the appropriate verification of the Fund's beneficial ownership by separate letter. Either the undersigned or a designated representative will present the Proposal for consideration at the annual meeting of shareholders.

If you have any questions or wish to discuss the Proposal, please contact our Corporate Governance Advisor, Linda Priscilla at (202) 942-2359. Copies of correspondence or a request for a "no-action" letter should be forwarded to Ms. Linda Priscilla, Laborers' International Union of North America Corporate Governance Project, 905 16<sup>th</sup> Street, NW, Washington, DC 20006.

Sincerely,

LABORERS' DISTRICT COUNCIL OF  
WESTERN PENNSYLVANIA PENSION FUND

A handwritten signature in cursive script that reads "Dennis Sarnowski". The signature is written in dark ink and is positioned above the printed name.

Dennis Sarnowski, Administrator

Cc. Linda Priscilla  
Enclosure

January 24, 2002

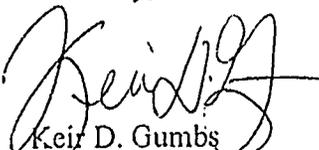
**Response of the Office of Chief Counsel  
Division of Corporation Finance**

Re: PG&E Corporation  
Incoming letter dated December 21, 2001

The proposal urges the board to prepare a description of the board's role in the development and monitoring of PG&E's long-term strategic plan.

We are unable to concur in your view that PG&E may exclude the proposal under rule 14a-8(i)(7). That provision allows the omission of a proposal that relates to ordinary business matters. In our view, the proposal, which relates to the Board of Directors' participation in the development of fundamental business strategy and long-term plans, involves issues that are beyond matters of PG&E's ordinary business operations. Accordingly, we do not believe that PG&E may exclude the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,



Keir D. Gumbs  
Special Counsel