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PG&E
FOR INTRA - COMPANY USES

From Division or Department **AUTOMOTIVE AND EQUIPMENT**
To Division or Department
FILE NO. **552.1**
RE: LETTER OF
SUBJECT **Documentation of Business Use of Company Vehicles**

GFA	MGR GEN SVCS	RSB
DHC	PETER KAZAKOFF	GAB
JDO	STATUS REPORT PLS F.U	JSM
KCS	DEC 28 1984	DWR
PAL		ARD
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ES	SEE ME FILE	
NOTE: RETURN TO:		
HANDLE DOCUMENTS PRE-RECORD		

December 27, 1984

VICE PRESIDENT - GENERAL CONSTRUCTION
DIVISION MANAGERS
MANAGER, PIPE LINE OPERATIONS
MANAGER, BUILDING AND ADMINISTRATIVE SERVICES
MANAGER, STEAM GENERATION

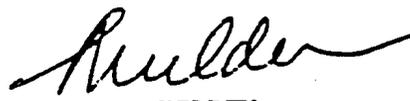
The Tax Reform Act of 1984 has established that the Pacific Gas and Electric Company must maintain adequate contemporaneous records to substantiate the business use of listed property.

Effective January 1, 1985, any employee using a Company-owned vehicle susceptible to personal use (all vehicles under 6000 GVW; 1/2, 3/4, 1 ton pickups and vans; and electric/gas service vehicles), will record the use of the vehicle. Employees must make an entry in a log (Form #71-4592 which will be in the vehicle), indicating the required mileage and use information of the vehicle. Any non-business use will be reported as income at the rate of 20-1/2 cents per mile, along with the employee's regular pay, and will be subject to withholding.

Those employees with assigned Company vehicles susceptible to personal use, will have a distinct form (Form #71-4593) for use in their vehicles. This form will be a monthly log which will require completion on a daily basis for business use of the vehicle. Mileage not reported as Company business will be attributed to the assigned employee and reported on a monthly basis as income at the rate of 20-1/2 cents per mile.

Forms 71-4592 and 71-4593 must be submitted monthly by the 10th of the month to the Payroll Accounting Department, Room 650, 77 Beale Street, San Francisco. Supplies of these forms will be hand delivered to your transportation supervisors to allow for implementation of the new procedure as close to January 1, 1985, as possible.

Any questions regarding this procedure should be communicated to me on extension 222-2055.


E. J. HILDEN

EJH(222-2055):mb

cc: EBLangley, Jr.
RADraeger
CMBuchsbaum
BACoull
EMSchroeder
KSTaylor
Transportation Superintendents



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FOR INTRA - COMPANY USES

From Division or
Department VICE PRESIDENT AND COMPTROLLER
To Division or Department ALL
FILE NO. 552.1
RE: LETTER OF
SUBJECT Reporting Procedures
For Vehicle Usage

December 26, 1984

TO ALL EMPLOYEES:

The purpose of this letter is to advise you of certain changes in Company procedure that are the result of changes in tax laws and in Internal Revenue Service (IRS) rulings.

The new procedures for use of personal vehicles are as follows:

1. Commencing retroactively on January 1, 1984 employees who receive an \$85/month reimbursement associated with the authorization to use their own vehicle will have the \$85/month, together with all their mileage reimbursements, reported to them on their W-2 forms.
2. Effective January 1, 1985, whenever an employee receives mileage reimbursement in excess of 20 1/2 cents per mile, such employee will have the entire amount reimbursed for the month, reported on their W-2 forms as income.
3. Currently the Company allows reimbursements for business use of employee automobiles at 23 cents a mile for the first 300 miles per month, 20 cents a mile for the next 700 miles per month, and 12 cents a mile thereafter. For management employees and employees not represented by Local 1245 of the IBEW, commencing January 1, 1985, reimbursement will be 20 1/2 cents a mile for the first 1,000 miles per month and 14 cents per mile thereafter. Employees represented by Local 1245 of the IBEW will remain on the current schedule until it is negotiated otherwise.
4. Finally, we urge employees who are considering purchasing a personal vehicle for business purposes to proceed with caution and to consult their tax advisors regarding new tax rules on vehicle usage.

The procedures for Company-owned vehicles are as follows:

1. Effective January 1, 1985, any employee using a Company-owned vehicle susceptible to personal use (i.e. all Company vehicles under 6000 lbs. as well as 1/2, 3/4 and 1 ton vehicles or any other vehicle used for commuting or other non-business purposes) will substantiate the business use of the vehicle. Employees using any of these vehicles will make an entry in a log, which will be in the vehicles, indicating the mileage and business use. Also, any commute or other non-business use will be reported and such use will be included with an employee's regular pay at 20 1/2 cents a mile. This income is subject to withholding.
2. Those employees with assigned Company vehicles susceptible to personal use (i.e. all Company vehicles under 6000 lbs. as well as 1/2, 3/4 and 1 ton vehicles or any other vehicle used for personal transportation) will have a separate form for use in that vehicle. This form, which will be distributed separately, will be a monthly log which will require completion on a daily basis for business use of the vehicle. Mileage not reported as business will be attributed to the assigned employee and reported on a monthly basis as income at the rate of 20 1/2 cents per mile. This income is subject to withholding.
3. The current gross-up procedure, specified in Standard Practice 552.1-1, to cover additional taxes resulting from the taxability of reported personal mileage will be continued.
4. The forms used in the above procedures will replace the current Commute Miles Report form which is to be discontinued as of January 1, 1985.

The above procedures and rates may be changed as a result of future action of the IRS. Should there be any questions, please contact Linda Leung on extension 222-3955.

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G. E. LAVERING

