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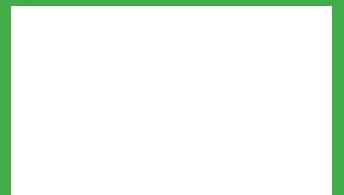
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Being an executive in one of the nation's largest utilities presents a quagmire of tough decisions on how to balance the public good with regulatory and stakeholder demands. As senior vice president of public affairs for PG&E, Nancy McFadden wakes up every day to face these challenges.

Prior to joining the company, McFadden served as deputy chief of staff to Vice President Al Gore and as general counsel for the Department of Transportation. An alumna of the University of Virginia's law school, she has garnered many accolades—including being named “One of the 40 Best Lawyers Under 40” and called by the *Washington Post* “one of the go-to-people in the Clinton Administration for getting something accomplished.”

Considering the seniority and influence of her position, I expected challenges in scheduling and conducting an interview with McFadden about the corporate social responsibility (CSR) of public utilities. To my pleasant surprise, McFadden was accessible and helpful—it felt like I was meeting a global ambassador.

McFadden's vision is clear: “Corporate social responsibility is having a set of values as a corporation and living by them. These values have a lot of tentacles that touch ethical issues, environmental challenges, community development, employees, and corporate responsibilities.” She believes the first building block of corporate social responsibility is integrity, and then other layers are added. McFadden rattles off a litany of those layers, “from community development, to philanthropy, to respecting and treating employees fairly, to being a part of the public dialogue, to environment, to others...”

McFadden laments a common misper-

Values and Value Coexist

PG&E executive **NANCY McFADDEN** balances values, community, and the business of being a utility.

ception of CSR: “People claim that you have to choose between shareholders and community commitment.” She mentions a former boss whom she doesn’t name (my hunch: Al Gore), who used to worry about people discussing the economy and the environment in confrontational terms. McFadden adds, “When one discusses corporate successes in opposition to the community, he or she is presenting a false choice.”

From McFadden’s perspective, “Public utilities may have a higher responsibility than some other types of corporations when it comes to things like environmental footprint.”

In response to accusations that CSR for public utilities is really “green washing”—producing misleading information to cover abuse of the environment—McFadden acknowledges that the critique may have substance at times for some companies. But rather than countering such charges by pointing to current campaigns like PG&E’s “Let’s Green This City” in San Francisco, Mc-

Fadden discusses conservation and environmental protection opportunities for public utilities—such as blending aggressive rebate programs and other financial incentives with training and education, while also advocating for stricter building codes. She emphasizes that for a corporation to withstand the charge of green washing, “It really must go back and define, understand, and live by its core set of values.”

What about the tensions between energy conservation and profit margins? McFadden explains California’s regulations on “decoupling.” Essentially, the state mandates that a public utility’s profits be decoupled, or separated, from energy usage as a way to dis-incentivize usage and incentivize conservation.

I wondered how McFadden balances it all—the values and vision of the state’s largest public utility, plus two offices, two homes, work in the community on issues affecting women and girls. She says, “I appreciate life. I travel abroad, spend time with friends, and swim often, which keeps me grounded.” **B**

Leah D. Williams, CEO of Strategies, is a public affairs, policy, and media relations expert. She has a J.D. from Stanford Law School and has advised judges, corporate executives, policy makers, and nonprofit executives. Contact: Leah@Strategiesllc.net.

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