

# Memorandum



**Date:** September 26, 2019.

**To:** Edward Randolph, Director  
Energy Division

**From:** Angie Williams, Director *aw*  
Utility Audit, Finance and Compliance Branch  
Enterprise Risk and Compliance Office

**SUBJECT:** PACIFIC GAS AND ELECTRIC COMPANY ADVICE LETTER 5538-E  
FINDINGS ON QUARTERLY ENERGY PROCUREMENT COMPLIANCE REPORT  
FOR THE FIRST QUARTER OF 2019.

The Utility Audit, Finance & Compliance Branch (UAFCB) does not have any findings on Pacific Gas and Electric Company (PG&E) Quarterly Energy Procurement Compliance Report (QCR) filed in Advice Letter No. (AL) 5538-E. UAFCB assessed PG&E's compliance in accordance with agreed-upon procedures (AUP) with Energy Division (ED) and does not assess the compliance with all aspects of the procurement-related state law and procurement-related directives mandated by the California Public Utilities Commission (CPUC). In addition, PG&E's transactions conducted in the Integrated Forward Market and the Residual Unit Commitment Market are outside the scope of the agreed-upon procedures engagement.

The AUP engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. UAFCB was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on PG&E's QCR filed in AL 5538-E. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to ED.

This memo is intended solely for the information and use of ED and should not be used by anyone other than ED or for any other purpose.

## Background

As required by Decision (D).02-10-062, Ordering Paragraph 8 and clarified in D.03-12-062, PG&E, San Diego Gas and Electric, and Southern California Edison must each submit a QCR for all transactions of less than five years duration executed in the quarter. UAFCB conducts the quarterly procurement engagements based on the scope specified by ED, using procedures agreed upon between ED and UAFCB. ED specified which aspects of the utilities' CPUC-approved procurement plans, Assembly Bill 57 procurement rules and several procurement-related rulings and decisions to test for compliance. The decisions and rulings that ED chose directives from to test for compliance include, but are not limited to, D.02-10-062, D.03-06-076, D.03-12-062, D.04-12-048, D.07-12-052, D.08-11-008, D.12-01-033, D.15-10-031 and D.16-01-015. Based on our understanding with ED, UAFCB does not test all of the transactions that the utilities include in their QCR.

cc: See next page.

Edward Randolph, Director

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Judith Ikle  
Program Manager  
Energy Division

Michele Kito  
Program and Project Supervisor  
Energy Division

Nick Dahlberg  
Public Utilities Regulatory Analyst  
Energy Division

Julie Halligan  
Program Manager  
Public Advocates Office

Tracy Fok  
Program and Project Supervisor  
Utility Audit, Finance, and Compliance Branch

Jieli Feng  
Financial Examiner  
Utility Audit, Finance, and Compliance Branch