

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: SAN DIEGO GAS AND ELECTRIC COMPANY ADVICE LETTER 3371-E
FINDINGS ON QUARTERLY ENERGY PROCUREMENT COMPLIANCE REPORT
FOR THE FIRST QUARTER OF 2019

The Utility Audit, Finance and Compliance Branch (UAFCB) does not have any findings on San Diego Gas and Electric Company (SDG&E) Quarterly Energy Procurement Compliance Report (QCR) filed in Advice Letter No. (AL) 3371-E. UAFCB assessed SDG&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, SDG&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 SDG&E's QCR filed in AL 3371-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, SDG&E, Pacific Gas & Electric Company, 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.

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