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Decision 91-08-025 August 7, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for authority among other things, to increase its rates and charges for electric and gas service.

(Electric and Gas) (U 39 M)

And Related Matter.

ORIGINAL

Application 88-12-005 (Filed December 5, 1988)

I.89-03-033 (Filed March 22, 1989)

O P I N I O N

Ordering Paragraph 19 of Decision No. (D). 89-12-057 directed that an independent audit be conducted of the management, operations and interactions between Pacific Gas and Electric Company (PG&E) and PG&E Enterprises.

In response to this decision, the Commission Advisory and Compliance Division (CACD) solicited proposals for the audit, and after receiving and reviewing bids, awarded the audit to Richard Metzler and Associates. The Final Report of Richard Metzler and Associates, "Management Audit of Pacific Gas and Electric Company and Pacific Gas and Electric Enterprises" (Audit Report), dated May 1991, has been filed with the Commission.

The Audit Report contains a number of findings and recommendations regarding the operations and interactions between PG&E and PG&E Enterprises. In particular, the Audit Report makes specific suggestions for improving the overall internal control environments surrounding the PG&E/PG&E Enterprises relationship.

We encourage PG&E to thoroughly consider the findings and recommendations of the Audit Report. PG&E should, as part of its next general rate application, provide a detailed response to the Audit Report. PG&E's response should explain how it has

implemented the recommendations of the Audit Report. If PG&E has not implemented one or more of the recommendations, PG&E's response should provide a detailed explanation of why it disagrees with the findings or recommendations of the Audit Report.

ORDER

IT IS ORDERED that Pacific Gas and Electric Company shall include, as part of its next general rate application, a detailed response to the Final Report of Richard Metzler and Associates, "Management Audit of Pacific Gas and Electric Company and Pacific Gas and Electric Enterprises", dated May 1991.

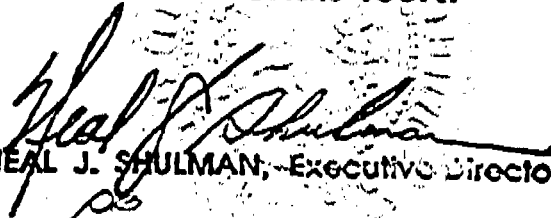
This order becomes effective 30 days from today.

Dated August 7, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

Commissioner Daniel Wm. Fessler,
being necessarily absent, did
not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


NEAL J. SHULMAN, Executive Director