

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 5, 2012

Trina Horner
Director Energy Proceedings
Pacific Gas and Electric Corporation
77 Beale Street #979
San Francisco, Ca 94105

Re: Financial and Regulatory Examination - 2011 Supplier Diversity Program of Pacific Gas and Electric (PG&E)

Dear Ms. Horner

Pursuant to Commission Directives in Decision (D.) 11-05-019 and upon a request by the CPUC's Executive Division, the Utility Audit, Finance and Compliance Branch (UAFCB) of the Division of Water and Audit and of the California Public Utilities Commission (CPUC) will conduct a financial and regulatory audit of PG&E 2011 Supplier Diversity program. The audit will examine the accounting and reporting of total utility purchases allocated to women, minority, disabled veteran-owned businesses and compliance with CPUC's General Order (GO-156) requirements in program year 2011.

The audit will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and accordingly, will include examining, on a test basis, evidence that any of the reports submitted to the Commission are free of material misstatement caused by error or fraud and performing such other procedures as we consider necessary in the circumstances. Those standards require obtaining a reasonable rather than absolute assurance about the adequacy of the reported financial information. Accordingly, an audit can not be relied upon to identify all material error or illegal acts that may exist. Also an audit is not designed to detect an error that is immaterial to the subject under audit.

All information and reports provided to UAFCB staff are the responsibility of PG&E's management. Management is also responsible for (1) complying with all CPUC directives applicable to program activities, (2) ensuring that all suppliers are in compliance with program requirements, (3) making all program financial records and information requested available to UAFCB staff in a timely manner. At the conclusion of the engagement, PG&E will provide to UAFCB staff a letter that confirms certain representations made during the audit, including that the effects of any uncorrected misstatements that the UAFCB brings to PG&E's attention are immaterial to the Supplier Diversity program as a whole.

The tentative schedule for the audit is as follows:

Pre-planning:	April and May 2012
Beginning field work:	May and June 2012
Completion of field work:	August 2012
Draft audit memo to management	September 2012
Expected release of audit memo to Executive Division:	September 2012

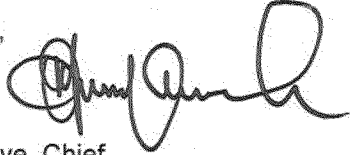
In order for the audit to progress efficiently, it is PG&E's responsibility to provide any information in the format specified by the audit staff within a reasonable time. UAFCB has requested some documents in an entrance meeting conducted on March 20, 2012 to gain an understanding of the accounting and reporting of supplier diversity program information. UAFCB expects PG&E to provide responses to these verbal document requests before the beginning of field work. Also, throughout the audit engagement, the auditors will send additional data requests as deemed necessary and expects a response within a period not greater than ten business days.

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The UAFCB assigned staff to this audit is Vic Khai Duong. Please contact Vic or me if you have any questions. Vic can be reached at (415) 703 2799 or via e-mail at kdu@cpuc.ca.gov.

PG&E acknowledges that by receiving this letter it will do its utmost to cooperate and support the CPUC sponsored audit. The UAFCB staff looks forward to PG&E's cooperation.

Very truly yours,



for

Kayode Kajopaiye, Chief
Utility Audit, Finance and Compliance Branch

cc: Rami Kahlon – CPUC, Division of Water and Audits Director
Bernard Ayanruoh, UAFCB, Program and Project Supervisor
Joan Kerr, Director of Supplier Diversity & Supplier Development, PG&E
Redacted Supervisor of Supplier Diversity, PG&E
Marzia Zafar, CPUC Program and Project Supervisor
Marshall Kennedy, CPUC Analyst
Vic Khai Duong, CPUC, Financial Examiner