

# Memorandum



**Date:** October 5, 2012

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

**From:** **Public Utilities Commission—  
San Francisco**

Kayode Kajopaiye, Branch Chief  
Division of Water and Audits

A handwritten signature in black ink, appearing to be "Kajopaiye".

**Subject:** Pacific Gas and Electric Company Advice Letter 4033-E  
Quarterly Procurement Plan Compliance Report for the First Quarter 2012

Based on the results of its audit, the Division of Water and Audits' Utility Audit, Finance and Compliance Branch (UAFCB) did not find any material reasons for Energy Division (ED) to deny the approval of Pacific Gas and Electric Company's (PG&E) Advice Letter No. (AL) 4033-E. PG&E's procurement transactions during the first quarter of 2012 (Q1) were, in all material respects, in compliance with PG&E's procurement plan, as approved in Decision (D.) 07-12-052, Assembly Bill (AB) 57 procurement rules and several procurement-related Commission directives.

## A. Background:

As required by D.02-10-062, OP 8. and clarified in D.03-12-062, Pacific Gas & Electric, San Diego Gas and Electric (SDG&E), and Southern California Edison (SCE) must each submit a quarterly compliance report (QCR) for all transactions of less than five years duration executed in the quarter. ED requested that the UAFCB conduct compliance audits of these utilities' quarterly procurement compliance filings.

The objective of these quarterly audits is to determine if the utilities were in compliance with their California Public Utilities Commission's (Commission) approved procurement plans, while complying with all AB 57 procurement rules and several procurement-related regulatory rulings and decisions, including, but not limited to, D.02-10-062, D.03-06-076, D.03-12-062, D.04-12-048, D.07-12-052, and D.08-11-008.

## B. Audit Findings:

**UAFCB does not have any negative audit findings with respect to PG&E's Q1 filing.**

## C. Conclusion

PG&E's AL 4033-E and its Q1 procurement transactions for electricity and natural gas were, in material respects, in compliance with PG&E's Commission-approved procurement plan and all relevant Commission decisions. PG&E's Q1 transactions, in material respects, appear to be complete, accurate and properly authorized by its management.

This audit is limited in scope and does not provide full assurance to the reasonableness of PG&E's Q1 QCR filing or its Q1 transactions.

If you have any questions on UAFCB's audit, please contact Tracy Fok at (415) 703-3122.

cc: Rami Kahlon, Director, Division of Water and Audits  
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