State of California

Memorandum

Date: October 30, 2017

To: Edward Randolph
Director of Energy Division

From: **Public Utilities Commission—San Francisco**
Kayode Kajopaiye, Branch Chief
Utility Audit, Finance and Compliance Branch

Subject: Southern California Edison Company Advice Letter 3636-E
Quarterly Procurement Plan Compliance Report for the Second Quarter of 2017
Summary of Negative Findings

The Utility Audit, Finance and Compliance Branch (UAFCB) does not have any negative findings on Southern California Edison Company's (SCE) Quarterly Procurement Plan Compliance Report (QCR) filed by Advice Letter No.(AL) 3636-E based on the results of its performed procedures to assess compliance. UAFCB assesses SCE's compliance in accordance with agreed-upon procedures 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 (Commission). In addition, SCE's transactions conducted in the Integrated Forward Market (IFM) and the Residual Unit Commitment Market (RUC) are outside the scope of the agreed-upon procedures engagement. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA).

A. Summary of Negative Findings:

UAFCB does not have any negative findings with respect to SCE's QCR for the second quarter of 2017 (Q2).

B. Background:

As required by Decision (D).02-10-062, Ordering Paragraph (OP) 8 and clarified in D.03-12-062, Pacific Gas & Electric Company (PG&E), San Diego Gas and Electric (SDG&E), and SCE 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' Commission-approved procurement plans, Assembly Bill (AB) 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.

C. Conclusion:

UAFCB was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on SCE's QCR filed in AL 3636-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.

cc: Maryam Ebke, Deputy Executive Director
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