



QUARTERLY ENERGY PROCUREMENT COMPLIANCE AGREED-UPON PROCEDURES ENGAGEMENT

Pacific Gas and Electric Company
Fourth Quarter of 2024 - Advice Letter 7496-E

Utility Audits, Risk and Compliance Division
Utility Audits Branch
June 20, 2025



PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Transmitted via e-mail

June 20, 2025

Marianne Aikawa, Director
Risk, Compliance & Reporting Department
Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, CA 94612

Dear Marianne Aikawa:

**Final Report Transmittal Letter – Agreed-Upon Procedures Engagement of
Pacific Gas and Electric Company’s Quarterly Energy Procurement Compliance
Report for the Period of October 1, 2024, Through December 31, 2024**

The Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) has completed its agreed-upon procedures (AUP) engagement of Pacific Gas and Electric Company’s (PG&E) Quarterly Energy Procurement Compliance Report (QCR) filed for its Fourth Quarter of 2024 in Advice Letter (AL) 7496-E. The final AUP report is enclosed.

PG&E’s response to the AUP report findings are incorporated into this report. As required by Public Utilities Code Section 454.5(g), the confidential market sensitive information contained in the AUP report is redacted. We will post the final redacted audit report on our website at [Audit Reports by Industry \(ca.gov\)](https://www.cpuc.ca.gov/Audit-Reports-by-Industry).

A corrective action plan addressing the findings is required. PG&E has already provided the information regarding its corrective actions planned and those responses have been included in the report. However, PG&E is still required to file a supplemental AL 7496-E with amended Attachments E and H of its QCR by July 7, 2025. Once PG&E submits the supplemental AL, no further action will be required.

We appreciate PG&E’s assistance and cooperation during the engagement. If you have any questions regarding this report, please contact Tracy Fok, Program and Project Supervisor, at (415) 703-3122 or tracy.fok@cpuc.ca.gov.

Sincerely,

Angie Williams

Angie Williams, Director
Utility Audits, Risk and Compliance Division (UARCD)
cc: See next page

Marianne Aikawa, Director
Risk, Compliance & Reporting Department
Pacific Gas and Electric Company
June 20, 2025
Page 2

cc: Melissa Hines, Manager, Risk, Compliance & Reporting (RCR), PG&E
Christina Honey, Principal Analyst, RCR, PG&E
Gurjit Singh, Analyst, RCR, PG&E
Rachel Peterson, Executive Director, CPUC
Kristin Stauffacher, Deputy Executive Director, Office of the Commission, CPUC
Leuwam Tesfai, Deputy Executive Director, Energy Division (ED), CPUC
Merideth “Molly” Sterkel, Acting Director, ED, CPUC
Jaime Rose Gannon, Program & Project Supervisor, ED, CPUC
Eric Dupre, Public Utilities Regulatory Analyst, ED, CPUC
Theresa Buckley, Staff Attorney, CPUC
Masha Vorobyova, Assistant Director, UAB, CPUC
Tracy Fok, Program & Project Supervisor, UAB, CPUC
Tim Baumgardner, Senior Management Auditor, UAB, CPUC
Judith Mason, Public Utility Financial Examiner IV, UAB, CPUC
Keen Banh, Associate Management Auditor, UAB, CPUC
Paulina Zepeda Gomez, Associate Management Auditor, UAB, CPUC
Yaelan Wong, Staff Services Management Auditor, UAB, CPUC

MEMBERS OF THE TEAM

Angie Williams, Director

Masha Vorobyova, Assistant Director

Tracy Fok aka Tracy Yeh, CPA, Supervisor

Tim Baumgardner, Lead

Judith Mason, Lead

Keen Banh, Staff

Paulina Zepeda Gomez, Staff

Yaelan Wong, Staff

A digital copy of this report can be found at:

[Audit Reports by Industry \(ca.gov\)](#)

You can contact our office at:

**California Public Utilities Commission
Utility Audits, Risk and Compliance Division
400 R Street, Suite 221
Sacramento, CA 95811**

TABLE OF CONTENTS

I. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES.....1

II. PROCEDURES AND FINDINGS3

 A. TRANSACTION RECONCILIATION/ANALYSIS3

 B. QUARTERLY COMPLIANCE REPORT (QCR).....4

 C. STRONG SHOWING JUSTIFICATION.....6

 D. ELECTRONIC SOLICITATION CONTRACTS.....7

 E. BILATERAL AND BROKER CONTRACTS8

 F. GREENHOUSE GAS (GHG) - FREE ENERGY CONTRACTS.....9

I. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) performed the agreed-upon procedures (AUP) enumerated in Procedures and Findings section of this report for Pacific Gas and Electric Company (PG&E or the utility) energy procurement compliance reporting period of October 1, 2024, through December 31, 2024, (Q4 2024.) These procedures were agreed to between CPUC's Energy Division (ED) and UAB solely to assist ED in determining whether the three large investor-owned electric utilities are in compliance with certain energy procurement-related state laws and CPUC energy procurement directives. PG&E is one of these utilities¹ and is responsible for complying with the energy procurement requirements.

ED engaged UAB to perform this AUP engagement. UAB is required to be independent and to meet other ethical responsibilities in accordance with the relevant ethical requirements related to the AUP engagement. We conducted this engagement in accordance with attestation standards established by the generally accepted government auditing standards (GAGAS). The sufficiency of the AUP procedures is solely the responsibility of ED. ED has agreed to and acknowledged that the procedures performed are appropriate for the intended purpose of the AUP engagement. Consequently, we make no representation regarding the sufficiency of the procedures described herein either for the purpose for which this report has been requested or for any other purpose. The results of the engagement are detailed in the Procedures and Findings section of this report.

We were not engaged to, and did not, perform an examination or review of the subject matter, the objective of which would be the expression of an opinion on PG&E's compliance with the energy procurement-related state laws and the CPUC's energy procurement directives. 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.

The purpose of this report is to communicate to ED the utility's compliance and the results of the AUP performed. The report may not be suitable for any other purposes. The procedures performed may not address all the items of interest to users other than ED and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

¹ San Diego Gas and Electric Company and Southern California Edison are the other two electric utilities subject to the agreed-upon procedures engagements.

In accordance with CPUC Decision (D.) 12-04-046, Ordering Paragraph (OP) 13, this report shall be made public. As required by Public Utilities (PU) Code Section 454.5(g), the confidential market sensitive information contained in the AUP report is redacted. The redacted report can be found on the CPUC public website through the following link: [Audit Reports by Industry \(ca.gov\)](#).

Angie Williams

Angie Williams, Director
Utility Audits, Risk and Compliance Division

II. PROCEDURES AND FINDINGS

Below are the results of the AUP performed and associated findings. The sufficiency of these procedures is solely the responsibility of ED. Thus, UAB makes no representation regarding the sufficiency of the following procedures used for this engagement for the purposes for which this report has been requested.

A. Transaction Reconciliation/Analysis

1. Inspected whether the utility's Q4 2024 electric physical (and transmission) transaction details in Attachment A² contained any electronic solicitation or other competitive solicitation transactions, requiring performance of the audit procedures under Section D - Electronic Solicitation Contracts.

Finding: We found [REDACTED] electronic solicitation electric physical transactions reported in Attachment A that required performance of the AUP indicated in Section D of this report. We combined performing the required AUP for these transactions along with other electronic solicitation contracts also reported in Attachment H – Contracts Executed/Contracts Amended.

2. Reconciled to determine whether the utility's Q4 2024 electric physical transaction details in Attachment A agreed to the corresponding transaction summary in Attachment C. Performed mathematical re-calculation and an analysis of 100 percent of transactional average prices, volumes, and notional values for the detection of a reporting anomaly.

Finding: We found no exceptions as a result of this procedure.

3. Reconciled to determine whether the utility's Q4 2024 electric financial transaction details in Attachment A agreed to the corresponding transaction summary in Attachment C. Performed mathematical re-calculation and an analysis of 100 percent of transactional average prices, volumes, and notional values for the detection of a reporting anomaly.

Finding: We found no exceptions as a result of this procedure.

4. Reconciled to determine whether the utility's Q4 2024 gas physical transaction details in Attachment A agreed to the corresponding transaction summary in Attachment D. Performed mathematical re-calculation and an analysis of 100 percent of transactional average prices, volumes, and notional values for the detection of a reporting anomaly.

Finding: We found no exceptions as a result of this procedure.

5. Reconciled to determine whether the utility's Q4 2024 gas financial transaction details in Attachment A agreed to the corresponding transaction summary in Attachment D. Performed mathematical re-calculation and an analysis of 100 percent of transactional average prices, volumes, and notional values for the detection of a reporting anomaly.

Finding: We found no exceptions as a result of this procedure.

² All references to attachments in the list of Procedures and Findings are to the attachments filed with the utility's Quarterly Compliance Report subject to this engagement.

6. Reconciled to determine whether the utility's Q4 2024 transport, storage, park and lend transaction details in Attachment A agreed to the corresponding transaction summary in Attachment D.

Finding: We found no exceptions as a result of this procedure.

7. Compared the utility's spot market (i.e., Day-Ahead, Hour-Ahead, and Real-Time energy) electric physical purchases to its monthly retail energy needs, or energy physical purchase requirement, to determine whether the spot market purchases exceed five percent of the monthly retail energy needs, or energy physical purchase requirement.

Finding: We found no exceptions as a result of this procedure.

B. Quarterly Compliance Report (QCR)

1. Inspected QCR advice letter filing, including the attachments of supporting documentation, to determine whether the filing was accurate and complete.

Finding #1: PG&E failed to demonstrate compliance with D.02-10-062 – Appendix B and PU Code Section 581. PG&E incorrectly included an outdated version, instead of the current version, of the confirmation letter for [REDACTED] contract with [REDACTED] in its Q4 2024 QCR.

PG&E's Response to Finding # 1:

On April 1, 2025, PG&E stated:

PG&E conducted an internal transaction review and found that [REDACTED], a [REDACTED], executed on [REDACTED], was listed with the correct execution date in Confidential Attachment H. However, PG&E included the incorrect confirmation with an execution date of [REDACTED] instead of [REDACTED]. PG&E will report this issue in PG&E's Corrective Action Program (CAP) and additional controls and processes are being discussed to mitigate similar issues from occurring in the future.

Finding #2: PG&E failed to demonstrate compliance with D.02-10-062 – Appendix B and PU Code Section 581. PG&E incorrectly reported the product type in Attachment H for contracts executed with [REDACTED] and [REDACTED] as "[REDACTED]" instead of "[REDACTED]". For additional information, please see Finding #2 at procedure D.7 listed below.

PG&E's Response: See D.7

Finding #3: PG&E failed to demonstrate compliance with D.02-10-062 – Appendix B, PU Code Section 581, D.23-12-036, OP 4 & 10, Conclusion of Law 51 and D.24-12-033, Finding of Fact 21. PG&E incorrectly reported [REDACTED] transactions in Attachment H of its Q4 2024 QCR. These transactions should not be approved via PG&E Q4 2024 QCR and instead should be filed in an annual Tier 3 Advice Letter (AL) for the Diablo Canyon Power Plant (DCPP) Extended Operations for approval in accordance with D.23-12-036 and D.24-12-033. For additional information, please see Finding #3 at procedure F.4 listed below.

PG&E's Response: See F.4.

2. Identified any of the utility's authorized decision-makers that were not listed in QCR.
Finding: We did not find any of the utility's authorized decision-makers that were not listed in QCR.
3. Inspected QCR and associated attachments to determine whether the utility provided its descriptions of and justifications for its procurement processes used to select the transactions.
Finding: We found no exceptions as a result of this procedure.
4. Inspected QCR and associated attachments to determine whether the utility explained or justified the timing of its transactions.
Finding: We found no exceptions as a result of this procedure.
5. Inspected QCR and associated attachments to determine whether the utility discussed the system load requirements/conditions underlying the need for the quarter's transactions.
Finding: We found no exceptions as a result of this procedure.
6. Inspected QCR and associated attachments to determine whether the utility provided a copy of any data of forecasts used by the utility to analyze transactions.
Finding: We found the utility provided a copy of forecast data used to analyze transactions.
7. Inspected QCR and associated attachments to determine whether the utility provided a copy of each of the utility's procurement contracts reported in Attachment H.
Finding: We found no exceptions as a result of this procedure.
8. Inspected QCR and associated attachments to determine whether the utility provided a reasonable number of analyses, as requested by CPUC or the Procurement Review Group (PRG) and provided the resulting outputs.
Finding: We found no exceptions as a result of this procedure.
9. Inspected QCR and associated attachments to determine whether the utility's QCR included its briefing package provided to the ultimate decision maker.
Finding: We found no exceptions as a result of this procedure.
10. Inspected QCR and associated attachments to determine whether the utility provided the break-even spot prices equivalent to the contracts.
Finding: We found no exceptions as a result of this procedure.
11. Inspected QCR and associated attachments to determine whether the utility provided average price information for non-standard transactions.
Finding: We found no exceptions as a result of this procedure.

12. Inspected QCR and associated attachments to determine whether the utility provided California System Independent Operator (CAISO) procurement information in the utility's QCR.

Finding: We found no exceptions as a result of this procedure.

C. Strong Showing Justification

1. Inspected Attachment A for any transactions subject to strong showing justification and inspected Attachment M – Transactions Subject to Strong Showing to determine whether the transactions were properly justified in Attachment M.

Finding: We found no exceptions as a result of this procedure.

2. Compared the price of bilateral contracts for non-standard products in Attachment A, which are waived from strong showing justification under D.03-06-067, OP 3(d), to the prices of relevant market supporting documentation to determine whether the bilateral contract prices are reasonable based on available and relevant market data. Compared the buy and sell average price in Attachment A to the market high and low prices to ensure a reasonable deal was completed.

Finding: We found no exceptions as a result of this procedure.

3. Inspected Attachment H for any transactions subject to strong showing justification and inspected Attachment M to determine whether the transactions were properly justified in Attachment M.

Finding: We found no exceptions as a result of this procedure.

4. Compared the price of bilateral contracts for non-standard products in Attachment H, which are waived from strong showing justification under D.03-06-067, OP 3(d), to the prices of relevant market supporting documentation to determine whether the bilateral contract prices are reasonable based on available and relevant market data. Compared the buy and sell average price in Attachment H to the market high and low prices to ensure a reasonable deal was completed.

Finding: We found no exceptions as a result of this procedure.

5. Inspected other bilateral transactions in QCR for any transactions subject to strong showing justification and inspected Attachment M to determine whether the transactions were properly justified in Attachment M.

Finding: We found no exceptions as a result of this procedure.

6. Compared the prices of other bilateral contracts for non-standard products that are waived from strong showing justification under D.03-06-067, OP 3(d) to the prices of relevant market supporting documentation to determine whether the bilateral contract prices are reasonable based on available and relevant market data. Compared the buy and sell average price for other transactions to the market high and low prices to ensure a reasonable deal was completed.

Finding: We found no exceptions as a result of this procedure.

D. Electronic Solicitation Contracts

1. Selected a sample from the utility's electric physical transaction population in Attachments A and H, on a judgmental basis covering all product types, purchases/sales, brokers/exchanges, locations, and transaction methods.

Finding: UAB selected a sample size of [REDACTED] electric solicitation transactions, which covered 60 percent of the total population value. ED approved this sample on March 28, 2025.

2. Inspected the utility's Q4 2024 electric physical transactions included in Attachment A to determine if there were any electronic solicitation or other competitive solicitation transactions.

Finding: We found [REDACTED] electronic solicitation electric physical transactions reported in Attachment A as a result of this procedure. We sampled [REDACTED] of these transactions to perform the required AUP along with other competitive solicitation contracts reported in Attachment H following the procedures in this section.

3. Inspected PRG meeting materials to determine whether the utility consulted with its PRG for any contracts with terms over one calendar quarter before they were executed.

Finding: We found no exceptions as a result of this procedure.

4. Inspected the utility's Independent Evaluator (IE) report to determine whether IE evaluated any contracts executed with affiliate(s) or any contracts with terms greater than two years.

Finding: We found no exceptions as a result of this procedure.

5. Inspected counterparties' credit supporting documentation to validate that the contracts derived from the electronic solicitation selection process were executed with investment-grade counterparties or non-investment grade counterparties that were supported with credit protection such as surety bonds, guarantee, collateral, and net provision.

Finding: We found no exceptions as a result of this procedure.

6. Inquired with the utility as to whether the contracts had any impact on the overall Time to Expiration Value at Risk (TeVAR).

Finding: We found no contracts had any impact on the overall TeVAR.

7. Identified any contract related to a new fossil-fuel generation or Power Purchase Agreement (PPA) that was less than five years

Finding: We did not identify any contract related to a new fossil-fuel generation or PPA that was less than five years

8. Traced and agreed all electronic solicitation contracts executed during the quarter to supporting documentation to ensure that they were correctly and completely reported in attachments of the utility's QCR.

Finding #2: PG&E failed to demonstrate compliance with D.02-10-062 – Appendix B and PU Code Section 581. PG&E incorrectly reported the product type in Attachment H for contracts

executed with [REDACTED] and [REDACTED] as “[REDACTED]
[REDACTED]” instead of “[REDACTED].”

PG&E’s Response to Finding # 2:

On April 30, 2025, PG&E stated:

PG&E did not accurately report the product type associated with these transactions and agrees with this finding. [REDACTED] and [REDACTED]
[REDACTED] transactions should have been reported in Confidential Attachment H as [REDACTED] only.

This finding will be reported in PG&E’s Corrective Action Program (CAP) and additional controls and processes are being discussed to mitigate similar issues from happening in the future.

E. Bilateral and Broker Contracts

1. Inspected PRG meeting materials to determine whether the utility consulted with its PRG for any contracts with terms over one calendar quarter before they were executed.

Finding: We found no exceptions as a result of this procedure.

2. Inspected counterparties’ credit supporting documentation to validate that the contracts were executed bilaterally with investment-grade counterparties or non-investment grade counterparties that were supported with credit protection such as surety bonds, guarantee, collateral, and net provision.

Finding: We found no exceptions as a result of this procedure.

3. Inquired with the utility as to whether the contracts had any impact on the overall TeVAR.

Finding: We found no contracts had any impact on the overall TeVAR.

4. Identified any contract related to a new fossil-fuel generation or PPA that was less than five years.

Finding: We did not identify any contract related to a new fossil-fuel generation or PPA that was less than five years.

5. Traced and agreed all bilateral contracts executed during the quarter to supporting documentation to ensure that they were correctly and completely reported in attachments of the utility’s QCR.

Finding: We found no exceptions as a result of this procedure.

F. Greenhouse Gas (GHG) - Free Energy Contracts

1. Selected a sample from the utility's GHG Free transaction population on a judgmental basis covering various counterparties, allocation ratio, trade dates and types of contracts (sale and purchases).

Finding: UAB selected a sample size of [REDACTED] GHG Free transactions, which covered 31 percent of the total population value. ED approved this sample on April 15, 2025.

2. Inspected the sample of contracts to determine that all GHG Free energy sales reported were for year 2025.

Finding: We found no exceptions as a result of this procedure.

3. Requested and inspected Edison Electric Institute (EEI) Master Agreements for the sampled contracts to ascertain that all GHG Free energy sales were executed through these EEI Master Agreements.

Finding: We found no exceptions as a result of this procedure.

4. Traced and agreed contract price, volume, and other terms to determine that all GHG Free energy sales were correctly reported.

Finding #3: PG&E failed to demonstrate compliance with D.02-10-062 – Appendix B, PU Code Section 581, D.23-12-036, OP 4 & 10, Conclusion of Law 51 and D.24-12-033, Finding of Fact 21. PG&E incorrectly reported [REDACTED] transactions in Attachment H of its Q4 2024 QCR. These transactions should not be reported in PG&E's Q4 2024 QCR for approval and instead should be included in a separate Tier 3 AL Filing for the DCP Extended Operations subject to different criteria for approval.

PG&E's Response to Finding # 3:

On April 1, 2025, PG&E stated:

Per CPUC Decisions D.24-12-033 and D.23-12-036, PG&E executed [REDACTED] in Q4 2024 for... DCP Unit(s) ... PG&E realized that these transactions should be reported and approved as part of the DCP Extended Operations Annual Tier 3 Advice Letter... PG&E will file a supplemental advice letter upon conclusion of the Q4 2024 QCR audit to address the following:

- Move the [REDACTED] to the Confidential Attachment H Info Only section; and
- Remove the appropriate transactions from the [REDACTED] folder from Confidential Attachment E.