



# QUARTERLY ENERGY PROCUREMENT COMPLIANCE AGREED-UPON PROCEDURES ENGAGEMENT

Pacific Gas and Electric Company  
First Quarter of 2025 - Advice Letter 7583-E

Utility Audits, Risk and Compliance Division  
Utility Audits Branch  
September 19, 2025



## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



Transmitted via e-mail

September 19, 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 January 1, 2025, through March 31, 2025**

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 First Quarter of 2025 in Advice Letter (AL) 7583-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 finding 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 7583-E with amended Attachment B of its QCR by October 3, 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](mailto:tracy.fok@cpuc.ca.gov).

Sincerely,

*Angie Williams*

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

Marianne Aikawa, Director  
Risk, Compliance & Reporting Department  
Pacific Gas and Electric Company  
September 19, 2025  
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## **MEMBERS OF THE TEAM**

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**Masha Vorobyova, Assistant Director**

**Tracy Fok aka Tracy Yeh, CPA, Supervisor**

**Tim Baumgardner, Lead**

**Judith Mason, Lead**

**Keen Banh, Staff**

**Paulina Zepeda Gomez, Staff**

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

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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 January 1, 2025, through March 31, 2025, (Q1 2025.) 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 utilities<sup>1</sup> 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.

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<sup>1</sup> 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*

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Angie Williams, Director  
Utility Audits, Risk and Compliance Division

## II. PROCEDURES AND FINDINGS

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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 Q1 2025 electric physical (and transmission) transaction details in Attachment A<sup>2</sup> 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 Q1 2025 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 Q1 2025 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 Q1 2025 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 Q1 2025 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.

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<sup>2</sup> 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 Q1 2025 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, PU Code Section 581.** PG&E did not report [REDACTED] non-investment grade counterparties in Attachment B Counterparty Information of its Q1 2025 QCR. For additional information, please see Finding #1 at procedure D.7 listed below.

**PG&E's Response:** See D.7

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. Inspected the utility's Q1 2025 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 performed the required AUP for these transactions along with other competitive solicitation contracts reported in Attachment H following the procedures in this section.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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

7. 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 #1: PG&E failed to demonstrate compliance with D.02-10-062 – Appendix B and PU Code Section 581.** PG&E did not report [REDACTED] non-investment grade counterparties, [REDACTED] in Attachment B of its Q1 2025 QCR.

**PG&E's Responses to Finding # 1:**

On August 18, 2025, PG&E stated:

PG&E agrees with the finding. The Q1 2025 QCR Attachment B Non-Investment Grade Counterparty document did not include [REDACTED] non-investment counterparties on the Firm Import and Transmission section. This was due to an administrative issue in the conversion of this document from an Excel file to a PDF file. The original Excel document included both [REDACTED] PG&E will file a supplemental advice letter to correct the record when all Q1 2025 QCR findings have been communicated.

On August 21, 2025, PG&E stated:

This issue was related to an administrative oversight we identified while preparing the Q2 2025 QCR and has since been corrected.

It was a one-time occurrence where the "Page Break/Print Area" setting was incorrectly configured on a specific Excel tab, which resulted in the bottom portion being cut off when converted to PDF. To prevent this from happening again, we have implemented additional controls, including a new template with the correct settings and a final review step in our process.

**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 and broker 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. Procurement Review Group (PRG)

1. Inspected the utility's PRG meeting calendar to ascertain that the utility held a regular PRG meeting at least once in Q1 2025.

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

2. Inspected the utility's PRG supporting documentation to validate that the utility implemented the requirements indicated in D.07-12-052, OP 7.

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

3. Inspected PRG meeting agendas to ascertain that the utility made a list of non-confidential discussion topics of the regular PRG meetings publicly available.

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

4. Inspected PRG meeting summary distribution information to validate that the utility's PRG meeting summaries were distributed (or made publicly available) on the earlier of a) 14 days after the PRG meeting, or b) 48 hours before the next regularly scheduled PRG meeting.

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

5. Inspected relevant supporting documentation to determine whether the utility's 95 percent TeVAR metric exceeded the established Customer Risk Tolerance (CRT). If yes, inspected PRG meeting material to determine whether the utility informed its PRG in a timely manner.

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

## G. Physical Gas Transaction Deep Dive

1. Selected samples from the utility's physical gas transaction population on a judgmental basis covering all product types, various counterparties, purchases/sales, brokers/exchanges, locations, and transaction methods.

Finding: UAB selected a sample size of ■ physical gas transactions, which covered ■ percent of the total population value. ED approved this sample on June 16, 2025.

2. Obtained and inspected relevant supporting documentation to validate whether the utility executed the transactions with adequate justifications (e.g. fulfilling its net residual open positions and using the least-cost-best-fit approach.

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

3. Traced and agreed transaction volumes, prices, notional values, and other related information to invoices and trade blotters (confirmations).

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

4. Inquired with the utility as to whether the sampled transactions had any impact on the overall TeVAR.

Finding: We found that the sampled physical gas transactions did not have impact on the overall TeVAR.

5. Inspected relevant supporting documentation to ascertain that the product types, transaction processes, brokers and exchanges used for procurement during the quarter were approved in PG&E's Bundled Procurement Plan. Inspected PRG meeting documentation to ascertain that PRG consultation properly took place for transactions with terms over 90 days. Inspected transactions to ascertain that they did not have terms longer than five years and did not involve affiliates of PG&E.

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

6. Inspected counterparties' credit supporting documentation to validate that quarter's transactions were executed with investment-grade counterparties or non-investment grade counterparties that were supported with surety bonds, guarantees, collateral, etc.

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

7. Inspected relevant supporting documentation to validate that the utility demonstrated that prices of over the counter (OTC) transactions were equivalent to exchanges.

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