



# QUARTERLY ENERGY PROCUREMENT COMPLIANCE AGREED-UPON PROCEDURES ENGAGEMENT

Southern California Edison Company

First Quarter of 2025 - Advice Letter 5539-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

William V. Walsh, Vice President  
Energy Procurement & Management  
Southern California Edison Company  
2244 Walnut Grove Avenue  
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Rosemead, CA 91770

Dear William Walsh:

**Final Report Transmittal Letter – Agreed-Upon Procedures Engagement of  
Southern California Edison 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 Southern California Edison Company’s (SCE) Quarterly Energy Procurement Compliance Report (QCR) filed for its First Quarter of 2025 in Advice Letter (AL) 5539-E. The final AUP report is enclosed.

SCE’s responses 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. SCE has already provided the information regarding its corrective actions planned and those responses have been included in the report. However, SCE is still required to file a supplemental AL 5539-E with amended Attachment A, B, C, and D by October 3, 2025. Once SCE submits these documents, no further actions will be required.

We appreciate SCE’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 [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

William V. Walsh, Vice President  
Energy Procurement & Management  
Southern California Edison Company  
September 19, 2025  
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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  
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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 Southern California Edison Company (SCE 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. SCE 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 SCE'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> Pacific Gas & Electric Company and San Diego Gas and Electric Company 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

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 indicated under Section E - Request for Offers (RFO) contracts.

Finding: We found no electronic/competitive solicitation transactions reported in Attachment A as a result of this procedure.

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 #1: SCE failed to demonstrate compliance with D.02-10-062, Appendix B, and PU Code Section 581.** SCE understated the notional value for Physical Electric Transactions in Attachment C – Summary Power Transactions by [REDACTED] as outlined in the table below.

Delivery Location	Reported Notional Value (\$) Attachment C – Summary of Power Transactions	Audited Notional Value (\$) Reconciled Attachment A – Physical Electric Deals	Understated Amount Attachment C – Summary of Power Transactions
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**SCE’s Response:**

On July 7, 2025, SCE stated:

SCE has revised Attachment C to show the correct sum of notional value for Physical Electric Transactions. SCE inadvertently reported the incorrect notional value for [REDACTED] transactions in Attachment C. SCE’s corrective action will be taken in the form of reinforcing quality-check processes to ensure that SCE includes accurate information in future QCRs. SCE will submit a supplemental advice letter with this amendment after all findings have been communicated.

<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.



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 #2: SCE failed to demonstrate compliance with D.02-10-062, Appendix B, and PU Code Section 581.** SCE incorrectly reported the Total Deal Volume, Average Price, and Notional Value in Attachment A for Gas Physical Deal [REDACTED] as [REDACTED] instead of actual values. SCE confirmed that the Average Price should have been reported as [REDACTED] and the Daily Volume is confirmed to be [REDACTED]. Consequently, the notional value was also understated by [REDACTED]. Please see the table below for the audited results.

Deal Number	Reported Deal Volume (MMBtu)	Audited Deal Volume (MMBtu)	Understated Deal Volume (MMBtu)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Deal Number	Reported Average Price (\$/MMBtu)	Audited Average price (\$/MMBtu)	Understated Average price (\$/MMBtu)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Deal Number	Reported Notional Value (\$)	Audited Notional Value (\$)	Understated Notional Value (\$)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]0

#### SCE's Response:

On July 9, 2025, SCE stated:

SCE incorrectly reported the Total Deal Volume, Average Price, and Notional Value for Gas Physical Deal [REDACTED], due to a data entry error. SCE's corrective action plan will be taken in the form of reviewing our internal controls and implementing enhanced data validation measures, to minimize the risk of similar errors in future

filings. SCE has amended Attachment A and Attachment D and will submit a supplemental advice letter with these revised documents after all findings have been communicated.

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.

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 5% 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: SCE failed to demonstrate compliance with D.02-10-062, Appendix B, and PU Code Section 581.** SCE understated the notional value for Physical Electric Transactions in Attachment C by [REDACTED]. For additional information about the finding, please see Finding #1 at procedure A.2 listed above.

**SCE's Response:** See A.2.

**Finding #2: SCE failed to demonstrate compliance with D.02-10-062, Appendix B, and PU Code Section 581.** SCE incorrectly reported the Total Deal Volume, Average Price, and Notional Value in Attachment A for a Gas Physical Deal [REDACTED]. For additional information about the finding, please see Finding #2 at procedure A.4 listed above.

**SCE's Response:** See A.4.

**Finding #3: SCE failed to demonstrate compliance with D.02-10-062, Appendix B, and PU Code Section 581.** SCE incorrectly reported the collateral type/credit mechanism for a broker transaction executed with [REDACTED] in Attachment B – Non-Investment Grade Counterparties. For additional information about the finding, please see Finding #3 at procedure D.5 listed below.

**SCE's Response:** See D.5.

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 – Contracts Executed/ Contracts Amended.

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 Independent System Operator electricity 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. 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 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 Time to Expiration Value at Risk (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 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.

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 #3: SCE failed to demonstrate compliance with D.02-10-062, Appendix B, and PU Code Section 581.** SCE incorrectly reported the collateral type/credit mechanism for a broker transaction executed with [REDACTED] in Attachment B. SCE incorrectly reported the collateral type/credit mechanism as [REDACTED] instead of [REDACTED] and [REDACTED].

### SCE's Response:

On August 18, 2025, SCE stated:

SCE inadvertently reported the wrong collateral type/credit mechanism as [REDACTED] for one counterparty [REDACTED] listed on Attachment B. SCE's corrective action will be taken in the form of reinforcing quality-check processes to ensure that SCE includes accurate information in future QCRs. SCE has revised Attachment B. SCE will submit a supplemental advice letter with this amendment after all findings have been communicated.

## E. Request for offers (RFO) Contracts

1. Inspected PRG meeting documentation to ascertain that the utility consulted with its PRG in a timely manner for contracts that exceeded one calendar quarter.

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

2. 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.

3. Inspected counterparties' credit supporting documentation to validate that the contracts derived from the RFO 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.

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

Finding: No contracts had any impact on the overall TeVAR.

5. Identified any contract related to a new fossil-fuel generation or PPA with a term of less than five years.

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

6. Traced and agreed all RFO 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 and 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 #4: SCE failed to demonstrate compliance with D.07-12-052, OP 7 and Finding of Fact #54.** SCE did not maintain an updated web-based PRG Calendar as of June 11, 2025, as required. The PRG web calendar did not include any PRG information from December 2024 through June 2025.



**SCE's Response:**

On July 7, 2025, SCE stated:

SCE has been updating the PRG web calendar on a quarterly basis and had updated the PRG webpage prior to June 11, 2025. However, the www.sce.com site underwent a redesign effective June 1, 2025 and some content did not migrate from the prior site to the current site. Unfortunately, the PRG webpage was one of the pages that were impacted, and the missing content has now been restored. SCE's corrective action will be taken in the form of reinforcing quality-check processes to ensure timely updates of SCE's PRG calendar webpage.

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 procurement review group meeting, or b) 48 hours before the next regularly scheduled PRG meeting.

**Finding #5: SCE failed to demonstrate compliance with D.12-04-046, OP 14.** SCE did not distribute one of its PRG meeting summaries earlier than 14 days after the PRG meeting took place, as required. The routine deep dive quarterly meeting took place on February 19, 2025, for Q1 2025. SCE did not provide the meeting summary until March 14, 2025, which was more than 14 days after the PRG meeting took place.

**SCE's Response:**

On September 2, 2025, SCE stated:

SCE could not distribute one of its PRG meeting summaries within 14 days after the February 19 PRG meeting due primarily to a process delay caused by a policy update performed by SCE's IT department. This IT policy update delayed the ability of the PRG Distribution List account owner to generate the meeting attendance roster in a timely manner, which is required to be included in the summary. Although such IT policy updates occur infrequently, SCE is now expanding access to the PRG Distribution List Account to more than one owner, so that even if one account owner is impacted by IT policy updates, another account owner could retrieve such information.

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.