



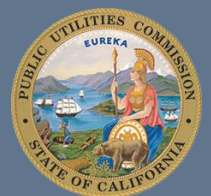
STATE OF CALIFORNIA

BALANCING ACCOUNTS PERFORMANCE AUDIT

Pacific Gas & Electric Company

January 1, 2024, through December 31, 2024

Utility Audits, Risk and Compliance Division
Utility Audits Branch
June 5, 2026



MEMBERS OF THE TEAM

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PUBLIC UTILITIES COMMISSION

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Transmitted via e-mail

June 5, 2026

Stephanie Williams
VP, Controller, and Utility CFO
Pacific Gas & Electric Company
300 Lakeside Drive
Oakland, CA 94612-3534

Dear Stephanie Williams:

**Final Report Transmittal Letter—Audit of Pacific Gas & Electric Company’s
Balancing Accounts for the Period of January 1, 2024, Through December 31, 2024**

The Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) has completed its audit of Pacific Gas & Electric Company’s (PG&E) balancing accounts for the period of January 1, 2024, through December 31, 2024. The final audit report is enclosed.

We issued the draft report on May 18, 2026. PG&E’s response to the draft report findings and our evaluation of the response are incorporated into this final report.

In addition, as outlined in General Order (G.O.) 66-D and the California Public Records Act (Government Code [GC] Sections 6250-6276.48.), PG&E requested confidential treatment of vendor names and any corresponding identifiers. As a result, the confidential vendor information contained in the final public 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 (CAP) addressing the findings and recommendations is required. PG&E should submit further detailed CAP information including specific steps and target dates to address the recommendations within 45 calendar days from the issuance of this final audit report to: UtilityAudits@cpuc.ca.gov.

We appreciate PG&E’s assistance and cooperation during the engagement, and its willingness to implement corrective actions. If you have any questions regarding this report, please contact Kevin Nakamura, Supervisor, at (916) 928-4736.

Sincerely,

Angie Williams

Angie Williams, Director
Utility Audits, Risk and Compliance Division

cc: See next page

Stephanie Williams
VP, Controller, and Utility CFO
Pacific Gas & Electric Company
June 5, 2026
Page 2

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EXECUTIVE SUMMARY

The Utility Audits Branch (UAB) of the California Public Utilities Commission (CPUC) conducted a performance audit of the balancing accounts administered and reported by Pacific Gas & Electric Company (PG&E) for the audit period of January 1, 2024, through December 31, 2024.

Our audit objectives were to determine whether 1) transactions recorded in PG&E's balancing accounts from January 1, 2024, through December 31, 2024, were for allowable purposes and supported by appropriate documentation; and 2) the balancing accounts were established and maintained as required by applicable Public Utilities (PU) Code sections, CPUC directives, orders, rules, regulations, and PG&E's policies and procedures.

Based on our audit objectives, procedures performed, samples tested, and evidence gathered, we found instances of noncompliance with the requirements. These instances are quantified in the Summary Schedules of Audit Results and described in the Findings and Recommendations section of this audit report. The audit findings are as follows:

- **Finding 1: Inaccurate Reporting of Balancing Accounts Totaling \$3,301,435**

PG&E understated its total year-end under-collected balance by \$3,301,435 due to various reporting discrepancies. This is a repeat finding with similar reporting discrepancies in its Annual Report filed with CPUC that UAB identified in its prior balancing account audit issued on April 10, 2024. During our reconciliation of its Annual Report, we noted variances between reported amounts and amounts recorded in PG&E's accounting records, omission of accounts and the improper inclusion of an account. As a result of these discrepancies, PG&E reported a total combined under-collected balance of \$1,505,725,549 instead of \$1,509,026,985.

- **Finding 2: Incorrect Interest Recorded and Reported Totaling \$893,476**

PG&E overstated interest in its balancing accounts totaling \$893,476 due to various accounting errors. This is a repeat finding with similar errors identified in UAB's prior balancing account audit issued on April 10, 2024. PG&E attributed these interest discrepancies to calculation errors in its subledger, incorrect interest formula, and incorrect interest automation execution.

- **Finding 3: Unsupported Contract Expenditures Totaling \$394,660**

PG&E did not provide requested contract rate schedules to support expenditures charged to the electric Overhead and Underground Maintenance Balancing Account (OUMBA) and Vegetation Management Balancing Account (VMBA) totaling \$394,660 during the audit. This is a repeat finding with similar issues of unsupported expenditures that UAB noted in its prior balancing account audit issued on April 10, 2024.

- **Finding 4: Duplicate Payment Charged to OUMBA Totaling \$2,200**

PG&E overstated its expenses in its electric OUMBA by \$2,200 due to recording and reporting a duplicate charge for labor invoiced by vendor [REDACTED]. Although the total amount of the overpayment for this audit period is immaterial, the cumulative amount for such potential errors could become significant over time. In addition, PG&E had a similar finding in UAB's prior balancing account audit issued on April 10, 2024.

We issued a draft report on May 18, 2026. PG&E responded by letter dated June 2, 2026, indicating that it does not dispute any of the findings and recommendations. PG&E's response is included in this final report in Appendix A—Utility's Response to Draft Audit Report and our evaluation of the responses are included in Appendix B—UAB's Evaluation of Utility's Response.

AUDIT REPORT

Background

Balancing Accounts

CPUC has a responsibility to authorize the rates that regulated utilities may charge their customers. Considering that the rates are derived from projected costs and projected consumption of service, CPUC authorizes regulated utilities to establish balancing accounts to track the actual costs and the related revenues the utilities collect from ratepayers for specified activities. The primary purpose of a balancing account is to ensure that a utility recovers its CPUC-authorized revenue requirement from ratepayers for a given program or function.

Functionally, a balancing account tracks the difference between actual expenditures associated with the account, revenue authorized for recovery by CPUC (authorized revenue requirement), and the actual revenues collected within customer rates to cover those specific expenditures. Applicable rules for a given balancing account are presented in the utility's Preliminary Statement, which also includes description of the purpose of the account, the types of costs and/or revenues that are to be tracked in the account, and specific accounting procedures that the utility must follow to record transactions for the balancing account. Additionally, unless approved otherwise, a balancing account is required to accumulate monthly interest at a rate equal to one-twelfth of the most recent month's interest rate on three-month Commercial Paper published by the Federal Reserve.

Actual revenues collected by a utility in rates can be more or less than what CPUC had authorized to collect because rates are always forward-looking and based on forecasted sales. Thus, the balance in a balancing account can either be over- or under-collected. If a balancing account is over- or under-collected, the net balance is typically recovered from or refunded to ratepayers on an annual basis through an adjustment in rates.

Pacific Gas & Electric Company (PG&E)

PG&E is an investor-owned utility (IOU) incorporated in California in 1905. PG&E is a subsidiary of the PG&E Corporation based in Oakland, California. PG&E's primary business is the transmission and delivery of energy, providing natural gas and electric service to approximately 16 million customers in a 70,000 square acre mile territory covering northern and central California.

In its 2024 Annual Balancing and Memorandum Accounts Report (Annual Report) filed with CPUC, PG&E reported a total of 103 (64 electric and 39 gas) balancing accounts with a total combined under-collected balance of \$1,505,725,549 in its electric and gas balancing accounts, as summarized in the table below:

Balancing Account Type	Total Number of Reported Accounts	Reported Net Under/(Over)-Collected Balance as of Dec. 31, 2024
Electric Balancing Accounts	64	\$1,390,555,361
Gas Balancing Accounts	39	115,170,189
Totals	103	\$1,505,725,549

A breakdown of the reported amounts over or under-collected in rates as of December 31, 2024, by each account, is provided in the Summary Schedules of Audit Results section of this report, Table 1.

Audit Authority

UAB conducted this audit under the general authority outlined in PU Code sections 314 (a), 314.5, 314.6, 451, 581, 582, and 584. Furthermore, PU Code section 792.5 requires CPUC to develop a risk-based approach for reviewing or auditing balancing accounts periodically to ensure that the transactions recorded in the balancing accounts are for allowable purposes and supported by appropriate documentation.

Objective and Scope

Our audit objectives were to determine whether 1) transactions recorded in PG&E's balancing accounts from January 1, 2024, through December 31, 2024, were for allowable purposes and supported by appropriate documentation; and 2) the balancing accounts were established and maintained as required by applicable PU Code sections, CPUC directives, orders, rules, regulations, and the PG&E's policies and procedures.

The scope of our audit covered the balancing accounts administered and reported by PG&E for the audit period of January 1, 2024, through December 31, 2024.

Methodology

In planning our audit, we gained an understanding of each balancing account and PG&E's operations by researching and reviewing relevant PU Code sections, preliminary statements, rules, regulations, policies, CPUC decisions, resolutions, advice letters, PG&E's policies and procedures, and interviewing PG&E's personnel.

We conducted a risk assessment, including evaluating whether PG&E's key internal controls relevant to our audit objectives were properly designed, implemented, and operating effectively. Our assessment included conducting interviews, performing walkthroughs, and testing transactions. Deficiencies in internal control, if identified during our audit and determined to be significant within the context of our audit objectives, are included in this report.

Additionally, we assessed the reliability of the data extracted from PG&E's accounting and customer billings systems. Our assessment included examining extracted reports, tracing data between differing report formats to verify completeness, and tracing report data to source documents. We determined the data to be sufficiently reliable to address the audit objectives.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. To achieve our audit objectives, we:

- Reviewed applicable CPUC decisions, advice letters, proceedings, and preliminary statements to gain an understanding of the balancing accounts and applicable tariff rates.
- Reviewed the following prior audit reports and performed follow-up tests to verify whether corrective actions were properly implemented:

- UAB's Cost Recovery Application 23-06-008 Gas Safety and Electric Modernization Expenditures Performance Audit for the period January 1, 2022, through December 31, 2022, that was issued on July 11, 2024.
- UAB's Balancing Accounts Performance Audit for the audit period January 1, 2021, through December 31, 2021, that was issued on April 10, 2024.
- UAB's Energy Efficiency Examination of PG&E for Program Years 2019-2021, that was issued on May 24, 2023.
- PG&E's internal audits 22-025 Audit of Nuclear Fuel Procurement, 21-039 Audit of Self-Generation Incentive Program, 20-042 Audit of the Portfolio Allocation Balancing Account for Calendar year 2019, and 20-018 Audit of Wildfire Memo Accounts, issued on June 30, 2022, July 19, 2021, July 28, 2020, and April 8, 2020, respectively.
- Crowe LLP's Performance Audit of PG&E's Wildfire Mitigation Plan Expenditures Final Report for the period January 1, 2017, through December 31, 2020, that was issued on September 15, 2021.
- Reviewed the following prior audit reports and determined that the audits were relevant to our audit objectives but did not disclose findings and therefore, no further review was performed for:
 - Ernst & Young LLP's PG&E Wildfire Mitigation & Catastrophic Events Cost Analysis, that was issued in December 2022.
 - PG&E's internal audits 22-026 Audit of the Energy Resource Recovery Balancing Account, that was issued on June 28, 2022, and 21-061 Audit of Gas Transmission and Storage Balancing and Memorandum Accounts, that was issued on October 22, 2021.
- Reviewed the following prior audit reports and determined that the audits were not relevant to our audit objectives and, therefore, no further review was performed for:
 - PG&E's internal audits of Core Procurement Incentive Mechanism: Audit 25-031 (2022-2023, Year 30), issued on June 30, 2025; Audit 23-056 (2021-2022, Year 29), issued December 15, 2023; Audit 23-0110 (2020-2021, Year 28), issued February 14, 2023; Audit 22-005 (2019-2020, Year 27), issued February 18, 2022; and Audit 21-008 (2018-2019, Year 26), issued January 29, 2021.
 - PG&E's internal audits 25-005 Audit of Central Procurement Entity, that was issued on February 13, 2025, 24-010 Audit of Power Charge Indifference Adjustment Customer Vintaging, that was issued on February 29, 2024, and 23-031 and 20-052, Audit of Gas Imbalance Statements for Core Transportation Agents, that were issued on June 30, 2023, and on October 27, 2020, respectively.
 - 2021 & 2020 Substantial Vegetation Management Audit Report by Office of Energy Infrastructure Safety, that was issued on February 2, 2024, and September 23, 2022, respectively.

- California State Auditor's 2021-117 Audit of Electrical System Safety – California's Oversight of the Efforts by Investor-Owned Utilities to Mitigate the Risk of Wildfires Needs Improvement, that was issued on March 24, 2022.
- UAB's prior Energy Efficiency Program Performance Audits of PG&E for the audit period of January 1, 2020, through December 31, 2020, that was issued on November 10, 2021, and for Program Year Ended December 18, 2018, that was issued on July 29, 2020.
- CPUC Wildfire Safety Division's Audit of PG&E's Implementation of their Enhanced Vegetation Management Program in 2020, that was issued on February 8, 2021.
- Reviewed PG&E's internal control policies and procedures related to the administration and implementation of its balancing accounts.
- Reviewed PG&E's accounting system, accounting policies, processes and procedures for tracking, monitoring, and recording transactions to its balancing accounts
- Reconciled year-end balancing account totals recorded in PG&E's accounting records to the balances reported in PG&E's 2024 Annual Report for accuracy and completeness.
- Reconciled the balancing accounts reported in PG&E's 2024 Annual Report to the Preliminary Statements for accuracy.
- Assessed significance by performing analysis of revenue and expenditure data and evaluating balancing account requirements.
- Obtained an understanding of PG&E's key internal controls relevant to its balancing accounts, such accounting and reporting process, customer billing procedures, rate adjustment process, invoice processing and expense recording process, and assessed the design, implementation, and operating effectiveness of selected controls that were significant to the audit objectives by:
 - interviewing key personnel;
 - completing an internal control questionnaire;
 - reviewing PG&E's policies and procedures and assessing their implementation pertaining to accounting, recording, and reporting of balancing accounts;
 - performing walkthrough of a selected rate change and four (2 electric and 2 gas), customer billings;
 - assessing reliability of recorded and reported billing and sales data by tracing two electric and two gas customer billings from residential and small commercial customer classes to ensure correct rates were applied in accordance with approved tariffs; and
 - evaluating PG&E's key internal controls for the reporting and recording of balancing account expenses by reviewing an assessing the design, implementation, and operating effectiveness of the controls performed and documented by UAB in its prior balancing

account audit of PG&E that was issued on April 11, 2024, and confirming that the same controls were applicable in the current audit period.

- Conducted a risk assessment to determine the nature, timing, and extent of substantive testing.
- Performed testing of rate changes by judgmentally selecting one rate change and tracing it to two customer billings (one residential and one non-residential) to determine whether PG&E's rate changes were accurately updated, correctly applied to customer bills, and that the related customer bills were paid.
- Performed testing of expenses by judgmentally selecting a non-statistical sample of significant expenditure transactions for 14 balancing accounts totaling \$167,154,473 of \$1,304,235,952, or 13% of the total recorded expenses as illustrated in the table below:

Balancing Account Name	Total Expenditures Tested	Total Expenditures Recorded in 2024	Percent Tested
Electric			
Diablo Canyon Extended Operations Balancing Account (DCEOBA) - Electric	7,562,508	52,614,347	14%
Overhead and Underground Maintenance Balancing Account (OUMBA)	954,622	58,935,521	2%
Portfolio Allocation Balancing Account (PABA) - Electric	\$63,561,436	605,160,349	11%
Procurement Energy Efficiency Balancing Account (PEEBA)	9,635,580	42,787,848	23%
Solar On Multifamily Affordable Housing Balancing Account (SOMAHBA)	1,750,363	10,069,458	17%
Vegetation Management Balancing Account (VMBA)	33,492,736	270,796,139	12%
Wildfire Mitigation Balancing Account (WMBA) - Electric	7,545,091	67,840,205	11%
Subtotal – Electric	\$124,502,336	\$1,108,203,867	11%
Gas			
Alternative Energy Program Balancing Account (AEPBA)	\$77,761	\$698,714	11%
Gas Procurement Balancing Account (GPBA)	26,153,142	102,611,048	25%
Gas Storage Balancing Account (GSBA)	344,825	2,942,452	12%
Hazardous Substance Mechanism (HSM) - Gas	6,857,258	37,264,847	18%
Mobile Home Park Balancing Account (MHPBA) - Gas	61,696	316,088	20%
Transmission Integrity Management Program Balancing Account (TIMPBA) - Gas	7,926,401	46,217,978	17%
Wildfire Mitigation Balancing Account (WMBA)- Gas	1,231,054	5,980,958	21%
Subtotal – Gas	\$42,652,137	\$196,032,085	22%
Grand Total	\$167,154,473	\$1,304,235,952	13%

- For the selected samples, traced expenditures recorded in PG&E's accounting records to supporting documentation and determined whether costs were accurate, attributable to its respective balancing account, supported by appropriate source documents, and incurred in

compliance with applicable CPUC directives, orders, rules, regulations, and PG&Es policies and procedures by:

- tracing expenditures to invoices to ensure expenditure (1) was incurred within 2024, (2) agreed to invoice amount, and (3) was calculated accurately;
- verifying expenditures were supported by appropriate source documents, such as detailed invoices, agreements/contracts, etc., to confirm the expense was for authorized activity;
- confirming payments were made for the expenditures and the amount agreed to the invoice; and
- corroborating that the activity was completed as claimed for a subset of samples by:
 - viewing recent photos via Google and conducting onsite inspections of five multi-family residences listed on one selected invoice and observed solar panels present on the building rooftops,
 - reviewing daily tree logs from three invoices covering a period of two months and utilizing Google maps and conducting onsite inspections to assess whether trees were trimmed and maintained pursuant to the clearances established in General Order (GO) 95 for 26 locations.
- Determined whether PG&E properly reported and recorded monthly interest in its balancing accounts and general ledger by recomputing the monthly interest amounts for 22 balancing accounts and two months in 2024. Due to discovery of variances, the scope was subsequently expanded to test all 12 months on four balancing accounts.

We did not audit PG&E's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that PG&E reported, incurred, and maintained its balancing accounts in accordance with the applicable criteria. We considered PG&E's internal controls only to the extent necessary to plan the audit and achieve our audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Conclusion

Based on our audit objectives, procedures performed, samples tested, and evidence gathered, we found instances of noncompliance with the requirements for the audit period from January 1, 2024, through December 31, 2024. These instances are described in the Findings and Recommendations section of this audit report.

Follow-up on Prior Audit Findings

We identified the following PG&E prior internal audits relevant to our audit objectives that required follow-up:

- 22-025 Audit of Nuclear Fuel Procurement, issued on June 30, 2022, identified reporting and recording errors in its nuclear fuel procurement costs. PG&E's Internal Audit Department closed out this audit following PG&E's satisfactory implementing corrective actions.
- 21-039 Audit of Self-Generation Incentive Program (SGIP), issued on July 19, 2021, identified inadequate management controls over program costs and performance to mitigate risks and enhance customer satisfaction. PG&E's Internal Audit Department closed out this audit following PG&E's satisfactory implementing corrective actions.
- 20-042 Audit of the Portfolio Allocation Balancing Account (PABA), issued on July 28, 2020, identified deficiencies in the processes and controls to support accurate cost and revenue recording and reporting to its PABA. PG&E's Internal Audit Department closed out this audit following PG&E's satisfactory implementing corrective actions.
- 20-018 Audit of Wildfire Memo Accounts (MAP), issued on April 8, 2020, identified inadequate controls over invoice review, approval, and document retention related to wildfire mitigation costs. PG&E's Internal Audit Department closed out this audit following PG&E's satisfactory implementing corrective actions.

In addition, we identified the following prior external audits relevant to our audit objectives that required follow-up:

- UAB's prior Cost Recovery Application 23-06-008 Gas Safety and Electric Modernization Expenditures Performance Audit for the period January 1, 2022, through December 31, 2022, issued on July 11, 2024, disclosed four audit findings. PG&E disagreed with Finding 3 and did not implement corrective actions for this finding. We did not follow up on Findings 1 and 2 as they are related to memorandum accounts and are not relevant to our current audit objectives. Finding 4 identified unallowable and overstated employee related expenditures. During this current audit, we followed-up on Finding 4 by judgmentally selecting and testing a sample of employee related expenses to assess whether they were allowable and supported by appropriate documentation. Based on the work performed in this current audit, we determined that PG&E satisfactorily implemented corrective actions for Finding 4.
- UAB's prior Balancing Accounts Performance Audits for the audit period January 1, 2021, through December 31, 2021, issued on April 10, 2024, disclosed nine audit findings. In its Corrective Action Plan (CAP) submitted to UAB on May 24, 2024, PG&E described actions taken that it believed adequately addressed all nine audit findings. During this current audit, we performed a follow-up on all nine findings and identified four prior audit findings that remain unresolved. As indicated in this current audit, PG&E continued to report information with discrepancies in its Annual Report, continued to incorrectly record and report interests in its balancing accounts, continued to have unsupported contract expenditures, and continued to have duplicate charges as described in Findings 1-4 of this report, respectively.
- UAB's prior Energy Efficiency Examination of Pacific Gas & Electric Company for the Program Years 2019-2021, issued on May 24, 2023, disclosed one audit finding related to overstatement of expenditures in the Annual Report. We determined that no additional follow-up was required since follow-up was previously conducted during UAB's Cost Recovery

Application 23-06-008 Gas Safety and Electric Modernization Expenditures Performance Audit for the period January 1, 2022, through December 31, 2022, that was issued on July 11, 2024.

- An external audit conducted by Crowe LLP, titled Performance Audit of Pacific Gas & Electric Wildfire Mitigation Plan Expenditures Final Report, issued on September 15, 2021, disclosed eight findings related to wildfire mitigation costs. We determined that no additional follow-up was required since follow-up was previously conducted during UAB's Balancing Accounts Performance Audit for the period covering January 1, 2021, through December 31, 2021, that was issued on April 10, 2024.

Views of Responsible Officials

We issued a draft report on May 18, 2026. PG&E responded by letter dated June 2, 2026, indicating that it does not dispute any of the findings and recommendations. PG&E's response is included in this final report in Appendix A—Utility's Response to Draft Audit Report and our evaluation of the responses are included in Appendix B—UAB's Evaluation of Utility's Response.

Restricted Use

This audit report is intended solely for the information and use of PG&E and CPUC; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and will be available on CPUC website at [Audit Reports by Industry \(ca.gov\)](#).

Angie Williams

Angie Williams, Director
Utility Audits, Risk and Compliance Division

FINDINGS AND RECOMMENDATIONS

Finding 1: Inaccurate Reporting of Balancing Accounts Totaling \$3,301,435

Condition:

PG&E understated its total year-end under-collected balance by \$3,301,435 due to various reporting discrepancies. This is a repeat finding with similar reporting discrepancies in its Annual Report filed with CPUC that UAB identified in its prior balancing account audit issued on April 10, 2024. During our reconciliation of its Annual Report to supporting accounting records, balancing account subledgers, and approved balancing account Preliminary Statements, we continued to find discrepancies including variances between reported and recorded amounts, omission of accounts and the improper inclusion of an account. Specifically, the reporting discrepancies in PG&E's Annual Report for this audit on year 2024 included the following:

- Misstating the year-end balances for 26 (16 electric and 10 gas) balancing accounts which resulted in PG&E understating its total year-end under-collected balance by a total of \$3,301,435. (Refer to the Summary Schedules of Audits Results, Table 2)
- Omitting the reporting of six (2 electric and 4 gas) authorized balancing accounts that had zero activity recorded to the accounts in 2024. (Refer to the Summary Schedules of Audits Results, Table 3)
- Including the Power Charge Collection Balancing Account (PCCBA) – Electric that had a zero balance and was retired by PG&E on December 31, 2022, pursuant to Advice Letter (AL) 6764-E.

As a result, PG&E should have reported a total of 108 (103 reported + 6 omitted – 1 incorrectly reported) authorized balancing accounts with a total combined under-collected balance \$1,509,026,985 instead of a reported total year-end under-collected balance of \$1,505,725,549 that was understated, as summarized in the table below:

Commodity Type	Annual Report Ending Balance as of December 31, 2024	Audited Annual Report Ending Balance as of December 31, 2024	Under/(Over) Variance
Electric	\$1,390,555,361	\$1,394,279,423	\$3,724,062
Gas	115,170,189	114,747,562	(422,627)
Totals	\$1,505,725,549	\$1,509,026,985	\$3,301,435

Criteria:

PU Code sections 581, 582, and 584 require that the utility provide timely, complete, and accurate data to the CPUC.

UAB's Annual Balancing and Memorandum Account Report instructions state, in part, that:

- Include all authorized balancing accounts regardless of whether it had no recorded activity during the year or had a zero-year-end balance

- Address a 12-month period from January 1, 2024, through December 31, 2024

PG&E's Annual CPUC Report for Balancing and Memorandum Accounts procedure, published on December 18, 2024, Section 1.8 states that:

Within the Balancing & memo accts. tab, complete the following information based upon the balancing account database at the following location...

8. Subledger balance (effective for the 2024 activity)
 - a. Under-collection represents a debit balance
 - b. Over-collection represents a credit balance.

Cause:

Despite implementing enhancements to its annual report preparation process as part of the corrective actions from the prior audit, the new procedures implemented did not appear to effectively address the issue. PG&E acknowledged during this audit that the reporting discrepancies continued due to using incorrect balances, interest and immaterial costs not captured in its SAP general ledger, reclassification errors, order mapped incorrectly to the proper account, and rounding and adjustment errors. Therefore, PG&E did not adequately adhere to its newly implemented procedures, did not adequately review the reported information for accuracy, and did not ensure that applicable staff are properly trained and adhere to its report preparation process.

Effect:

Inaccurate and/or incomplete information reported in PG&E's Annual Reports, which may be used by decision-makers during GRC application review process, could potentially impact the rates for PG&E's ratepayers. It is imperative for each utility to ensure that its Annual Reports contain complete and accurate information on all of its authorized balancing accounts to ensure decision-makers have complete and accurate information when making decisions that can affect the ratepayers.

Recommendations:

PG&E should follow its enhanced review process and ensure that all applicable staff are properly trained and adhere to its enhanced procedures for the preparation of its Annual Report filed with the CPUC so that it:

- includes all authorized balancing accounts in PG&E's Annual Report filed with CPUC regardless of whether there were activities recorded in the accounts during the reporting year;
- accurately reports all authorized balancing accounts and applicable year-end balances to CPUC; and
- includes only balancing accounts in the Annual Report that are active and authorized by CPUC.

Finding 2: Incorrect Interest Recorded and Reported Totaling \$893,476

Condition:

PG&E overstated interest in its balancing accounts totaling \$893,476 due to various accounting errors. This is a repeat finding with similar errors identified in UAB's prior balancing account audit issued on April 10, 2024. During our initial testing of reported interest amounts, we re-computed monthly interest for 22 (12 electric and 10 gas) balancing accounts for the months of January and December 2024 and found interest variances in 4 of 22 (2 electric and 2 gas) balancing accounts. We examined

these variances further by re-computing monthly interest for the four balancing accounts and all twelve months in 2024 and discovered interest variances totaling \$893,476 for the audit period, as summarized in the table below:

Balancing Account	Total Interest (Over)/Under Variance	Reason for Variance
<u>Electric</u>		
Procurement Energy Efficiency Balancing Account (PEEBA)	\$(800,497)	Incorrect Interest Formula
Transportation Electrification Balancing Account (TEBA)	(90,774)	Incorrect Interest Automation Execution
Subtotal – Electric	<u>\$(891,271)</u>	
<u>Gas</u>		
Adjustment Mechanism for Costs Determined in Other Proceedings (AMCDOP)	\$ (2,710)	Calculation Errors in Subledger
Gas Storage Balancing Account (GSBA)	505	Incorrect Interest Automation Execution
Subtotal – Gas	<u>(2,205)</u>	
Total	<u>\$(893,476)</u>	

During the audit, PG&E acknowledged these interest errors and corrected the \$505 variance pertaining to its GSBA in December 2025 and February 2026 and the PEEBA variance totaling \$800,497 in December 2025 by preparing and posting adjusting journal entries in its accounting system. Additionally, PG&E indicated during the audit that it was in the process of addressing the interest variances related to its TEBA and AMCDOP in its accounting records.

Criteria:

PU Code sections 581, 582, and 584 require that the utility provide timely, complete, and accurate data to the CPUC.

Preliminary Statements for all PG&E's balancing accounts state, in part, that:

PG&E will maintain the balancing account by making entries at the end of each month, ...An entry equal to the interest on the average of the balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15.

Cause:

Despite implementing additional steps to its interest calculation process as part of the corrective actions from the prior audit, the new procedures implemented did not appear to effectively address the issue. PG&E acknowledged during this audit that these variances were attributed to calculation errors in its subledger, incorrect interest formula, and incorrect interest automation execution. Therefore, PG&E did not adequately adhere to its newly implemented process, did not adequately review the computed interest for accuracy, and did not ensure that applicable staff are properly trained and adhere to its enhanced interest calculation process.

Effect:

Failure to properly accrue or calculate interest as required on a monthly basis can lead to inaccurate recording and reporting of interest in its balancing accounts. Any errors in the calculation or accrual of interest in the balancing accounts can diminish the benefits to ratepayers since balancing accounts accrue interest to be returned to ratepayers if the utility is over-collected or recovered as additional revenue if the utility is under-collected. Furthermore, since any over or under-collected year-end balance, including interest, are carried over from year to year, any potential incorrect interest amounts could impact customer rates by being amortized into future rates.

Recommendations:

PG&E should follow its enhanced review process and ensure that all applicable staff are properly trained and adhere to its enhanced interest calculation policies and procedures so that interest is calculated correctly and applied appropriately as stipulated in the CPUC approved Preliminary Statement to avoid any potential or continuous errors.

In addition, PG&E should complete the required adjustments in its accounting records to address the interest variances related to its TEBA and AMCDOP totaling \$90,774 and \$2,710, respectively, that remained uncorrected during the audit.

Finding 3: Unsupported Contract Expenditures Totaling \$394,660**Condition:**

PG&E did not provide requested contract rate schedules to support expenditures charged to the electric Overhead and Underground Maintenance Balancing Account (OUMBA) and Vegetation Management Balancing Account (VMBA) totaling \$394,660 during the audit. During testing of expenditures, PG&E was unable to provide applicable rate schedules to validate contracted services that were invoiced and paid to [REDACTED], [REDACTED], [REDACTED], and [REDACTED]. This is a repeat finding with similar issues of unsupported expenditures that UAB noted in its prior balancing account audit issued on April 10, 2024.

A summary of unallowable charges by account, vendor name, invoice number, and amount due to lack of supporting rate schedules is outlined in the table below:

Unsupported Contract Expenditures		
Vendor Name	Invoice Number	Unsupported Amount
<u>OUMBA - Electric</u>		
[REDACTED]	145305	\$ 22,385
<u>VMBA - Electric</u>		
[REDACTED]	1101014396	\$280,250
[REDACTED]	1101014397	19,300
[REDACTED]	ALCSTPID2429N03	12,394
[REDACTED]	ASPCCCCD2432N01	60,331
Subtotal		\$372,275
<u>Totals</u>		<u>\$394,660</u>

Criteria:

PU Code sections 581, 582, and 584 require that the utility provide timely, complete, and accurate data to the CPUC.

PU Code section 792.5(b) requires that transactions recorded in the balancing accounts are for allowable purposes and are supported by appropriate documentation.

PG&E's internal Invoice Payment Standard, published on February 2, 2023, Section 5.2 states that Approvers are responsible for ensuring that:

2. b. Each expenditure was authorized, goods and services listed on the payment document were received, and the payment amount is correct...
 - c. Accounting data is accurate and complete.
 - e. The invoice number, invoice document date, and payment amount match supporting documentation.
3. Ensuring the support documents are appropriate and sufficient to explain and justify the payment amount...

Cause:

PG&E's corrective actions from the prior audit were not sufficiently implemented pertaining to the enforcement of required invoice documentation to ensure expenses are properly allocated and accurately recorded and reported in its balancing accounts.

Effect:

It is imperative that costs recorded to its balancing accounts are properly reviewed to ensure financial accuracy, completeness, transparency, and compliance with applicable laws, rules, and regulations, and to ensure ratepayers do not pay any more or less in rates than necessary.

Recommendations:

PG&E should strengthen its contract management and document retention controls to ensure that all contracts and associated rates schedules are properly maintained, organized, and readily accessible for operational and audit purposes. PG&E should also reduce its expenditures recorded in electric OUMBA and VMBA by a total of \$22,385 and \$372,275, respectively.

Finding 4: Duplicate Payment Charged to OUMBA Totaling \$2,200**Condition:**

PG&E overstated its expenses in its electric OUMBA by \$2,200 due to recording and reporting a duplicate charge for labor invoiced by vendor [REDACTED]. During our testing of expenses recorded to the OUMBA, we found that PG&E over-paid [REDACTED] by \$2,200 due to duplicate charge in invoice #13483 in which [REDACTED] incorrectly used a quantity of 16 hours when calculating Flagger labor services instead of the actual 8 hours worked as stipulated on the supporting invoice. Although the total amount of the overpayment for this audit period is immaterial, the cumulative amount for such potential errors could become significant over time. In addition, PG&E had a similar finding in UAB's prior balancing account audit issued on April 10, 2024.

Criteria:

PU Code sections 581, 582, and 584 require that the utility provide timely, complete, and accurate data to the CPUC.

PU Code section 792.5(b) requires that transactions recorded in the balancing accounts are for allowable purposes and are supported by appropriate documentation.

PG&E's internal Invoice Payment Standard (Published 02/02/2023) section 5.2 states that Approvers are responsible for ensuring that:

2. b. Each expenditure was authorized, goods and services listed on the payment document were received, and the payment amount is correct...
 - c. Accounting data is accurate and complete.
 - e. The invoice number, invoice document date, and payment amount match supporting documentation.
3. Ensuring the support documents are appropriate and sufficient to explain and justify the payment amount...

Cause:

PG&E's corrective actions from the prior audit were not sufficiently implemented pertaining to the oversight and monitoring over its vendor invoice payment approval process to ensure expenses are properly allocated and accurately recorded and reported in its balancing accounts.

Effect:

It is imperative that costs recorded to its balancing accounts are properly reviewed to ensure financial accuracy, completeness, transparency, and compliance with applicable laws, rules, and regulations, and to ensure ratepayers do not pay any more or less in rates than necessary.

Recommendations:

PG&E should continue to strengthen its oversight and monitoring over its vendor invoice payment approval process to ensure expenses are accurately recorded and reported to each balancing account. PG&E should also reduce its expenditures recorded in electric OUMBA by a total of \$2,200.

SUMMARY SCHEDULES OF AUDIT RESULTS

Table 1
Summary – PG&E 2024 Annual Report

#	Title of Accounts	Reported Net Under/(Over-Collected) Balance as of Dec. 31, 2024
<u>Electric</u>		
1	AB 1X Refund Balancing Account (AB1XBA)	\$0
2	AB841 School Energy Efficiency Stimulus Program Balancing Account – Electric	(1,060,491)
3	BioMAT Non-Bypassable Charge Balancing Account	(7,641,730)
4	California Alternate Rates For Energy Account - Electric	(269,724,001)
5	Concurrent Application System Balancing Account - Electric	94,364
6	Customer Energy Efficiency Adjustment – Electric (CASBA – E)	(52,768,532)
7	Critical Operating Equipment Cable Replacement Balancing Account (COECBA)	4,392,419
8	California Solar Initiative Balancing Account	0
9	Diablo Canyon Retirement Balancing Account	(14,086,221)
10	Distributed Energy Resources Distribution Deferral Account	2,076,876
11	Department of Energy Litigation Balancing Account	(8,973,329)
12	Distribution Revenue Adjustment Mechanism	1,591,393,468
13	Demand Response Expenditures Balancing Account	(471,366,172)
14	Energy Efficiency Financing Balancing Account – Electric (EEFBA – E)	(63,112,521)
15	Electric Program Investment Charge (EPIC) Balancing Account	(232,471,536)
16	Electric Program Investment Charge Revenue Adjustment Mechanism Balancing Account	(25,665,006)
17	Energy Recovery Bond Balancing Account	735,961
18	Energy Resource Recovery Account	(243,768,949)
19	Essential Usage Study Expenditure Balancing Account (EUSEBA)	0
20	Family Electric Rate Assistance Balancing Account	23,994,543
21	Fixed Recovery Charge Balancing Account	0
22	Greenhouse Gas Revenue Balancing Account	(211,745,703)
23	General Office Sale Balancing Account - Electric	(61,216,424)
24	Green Tariff Shared Renewables Balancing Account	15,720,796
25	High DER Consulting Funds Balancing Account (HDERCFA)	413,312
26	Hydro Licensing Balancing Account (HLBA)	(16,094,508)
27	Hazardous Substance Mechanism - Electric	82,865,574
28	Modified Cost Allocation Mechanism Balancing Account	7,684,352
29	Major Emergency Balancing Account	179,388,259
30	Microgrids Balancing Account	3,378,959
31	Mobile Home Park Balancing Account - Electric	21,292,585

#	Title of Accounts	Reported Net Under/(Over- Collected) Balance as of Dec. 31, 2024
	Microgrid Reservation Capacity Component - Standby Charge Suspension	
32	Account	11,868
33	Modified Transition Cost Balancing Account	(29,243,734)
34	Nuclear Decommissioning Adjustment Mechanism (NRCRBA)	(23,160,886)
35	Net Energy Metering Balancing Account	8,239,534
36	Nuclear Regulatory Commission Rulemaking Balancing Account	656,666
37	New System Generation Balancing Account	(44,174,399)
38	Non-Tariffed Products and Services Balancing Account - Electric	(210,324)
39	Overhead and Underground Maintenance Balancing Account (OUMBA)	120,684,433
40	Portfolio Allocation Balancing Account	914,051,803
41	Pension Contribution Balancing Account-Electric	0
42	Power Charge Collection Balancing Account	0
43	Procurement Energy Efficiency Balancing Account	(16,997,550)
44	Procurement Energy Efficiency Revenue Adjustment Mechanism	(4,262,523)
45	Percentage of Income Payment Plan Balancing Account - Electric (PIPPBA-E)	3,773,601
46	Public Policy Charge Balancing Account (PPCBA)	32,371,464
47	Public Purpose Programs Revenue Adjustment Mechanism	(87,610,340)
48	PCIA Undercollection Balancing Account	0
49	Rule 21 Balancing Account (R21 BA)	0
50	Rule 20 Balancing Account	(30,383,873)
51	Risk Transfer Balancing Account – Electric (RTBA-E)	(759,123,850)
52	Residential Uncollectibles Balancing Account - Electric	195,007,950
53	San Joaquin Valley Disadvantaged Communities Pilot Balancing Account	(17,447,144)
54	Solar On Multifamily Affordable Housing Balancing Account	(278,859,619)
55	Statewide Energy Efficiency Balancing Account (SWEEBA-E)	(61,771,983)
56	Statewide Marketing, Education and Outreach Balancing Account – Electric	(15,447,859)
57	Transportation Electrification Balancing Account (TEBA)	(31,567,076)
58	Tree Mortality Non-Bypassable Charge Balancing account	12,507,482
59	Vegetation Management Balancing Account	1,458,458,324
60	Wildfire Hardening Fixed Recovery Charge Balancing Account (WHFRCBA)	(65,551,781)
61	Wildfire Mitigation Balancing Account - Electric	(234,274,260)
62	Wildfire And Natural Disaster Resiliency Rebuild Program	1,801,587
63	Diablo Canyon Extended Operations Balancing Account (DCEOBA)	89,209,649
64	Santa Nella Balancing Account - Electric	131,854
	Subtotal – Electric Balancing Accounts	<u>\$1,390,555,361</u>
	Gas	
1	AB841 School Energy Efficiency Stimulus Program Balancing Account - Gas	\$(256,183)
2	Alternative Energy Program Balancing Account (AEPBA)	(66,889,966)
3	Adjustment Mechanism for Costs Determined in Other Proceedings	59,037,598

#	Title of Accounts	Reported Net Under/(Over- Collected) Balance as of Dec. 31, 2024
	Biomethane Procurement Program and Pilots Administrative Balancing	
4	Account	1,921,654
5	Balancing Charge Account	(4,437,321)
6	California Alternate Rates For Energy Account – Gas	14,973,488
7	Concurrent Application System Balancing Account – Gas (CASBA – G)	79,769
8	Core Brokerage Fee Balancing Account	32,325
9	Core Fixed Cost Account	236,076,981
10	Core Firm Storage Account	(17,268,552)
11	Core Pipeline Demand Charge Account	(38,787,210)
12	Dairy Biomethane Pilots Balancing Account	(1,043,859)
13	Engineering Critical Assessment Balancing Account	0
14	Energy Efficiency Financing Balancing Account – Gas (EEFBA-G)	(15,266,386)
15	General Office Balancing Account - Gas	(32,047,720)
16	Gas Program Balancing Account (GPBA)	(127,602,924)
17	Gas Pipeline Expense and Capital Balancing Account	0
18	Gas Storage Balancing Account	(21,760,855)
19	Gas Transmission And Storage Revenue Sharing Mechanism	(72,180,522)
20	Hazardous Substance Mechanism - Gas	193,353,006
21	Internal Corrosion Balancing Account	(4,584)
22	Mobile Home Park Balancing Account - Gas	23,826,782
23	Noncore Customer Class Charge Account	(62,632,323)
24	New Environmental Regulations Balancing Account	(1,416,660)
25	Non-Tariffed Products and Services Balancing Account - Gas	(172,058)
26	Pension Contribution Balancing Account-Gas	0
27	Purchased Gas Account	(3,579,962)
28	Percentage of Income Payment Plan Balancing Account – Gas (PIPPBA-G)	1,682,571
29	Public Purpose Program Surcharge-Energy Efficiency	29,283,878
30	Public Purpose Program Surcharge-Low Income Energy Efficiency	15,489,502
31	Public Purpose Program Surcharge-Research Development and Demonstration	1,228,923
32	Risk Transfer Balancing Account - Gas	3,097,617
33	Residential Uncollectibles Balancing Account – Gas (RTBA-G)	64,687,356
34	Statewide Energy Efficiency Balancing Account	(2,942,787)
35	Statewide Marketing, Education and Outreach Balancing Account - Gas	(1,510,243)
36	Transmission Integrity Management Program Balancing Account	(46,841,093)
37	Wildfire Mitigation Balancing Account - Gas	38,130,655
38	Customer Energy Efficiency Adjustment - Gas	(51,603,471)
39	Santa Nella Balancing Account - Gas	512,764
	Total - Gas Balancing Accounts	\$ 115,170,189
	Grand Total – Net Under/(Over)-Collected Reported Amount	\$1,505,725,549

Table 2
Summary of Reporting Discrepancies
Reporting Variances
Finding 1

#	Balancing Account Names	Variance Reason	Variance Amount
	<u>Electric</u>		
1	Diablo Canyon Retirement Balancing Account	Immaterial	\$2,737
2	Distributed Energy Resources Distribution Deferral Account	Immaterial	(3)
3	Hazardous Substance Mechanism - Electric	Immaterial	(54)
4	Nuclear Decommissioning Adjustment Mechanism	Immaterial	2,698
5	Hydro Licensing Balancing Account	Interest and immaterial costs not captured in the SAP general ledger	(16,048)
6	Nuclear Regulatory Commission Rulemaking Balancing Account	Interest and immaterial costs not captured in the SAP general ledger	313
7	Rule 20 Balancing Account	Interest and immaterial costs not captured in the SAP general ledger	(341)
8	Mobile Home Park Balancing Account - Electric	Reclass recorded erroneously	(526,986)
9	Santa Nella Balancing Account - Electric	Reclass recorded erroneously	99,523
10	PCIA Undercollection Balancing Account	Incorrect reporting of ending balance on Annual Report	(2,158,287)
11	Essential Usage Study Expenditure Balancing Account	An order mapped incorrectly to this account	129
12	Vegetation Management Balancing Account	Interest expense adjustment made subsequent to the annual report	(1,116,615)
13	Department of Energy Litigation Balancing Account	Carryforward rounding and interest adjustments/errors/variances	84
14	Non-Tariffed Products and Services Balancing Account - Electric	Carryforward rounding and interest adjustments/errors/variances	(217)
15	Public Policy Charge Balancing Account	Carryforward rounding and interest adjustments/errors/variances	(3)
16	Transportation Electrification Balancing Account	Carryforward rounding and interest adjustments/errors/variances	(10,992)
	Subtotal – Electric		<u>\$(3,724,062)</u>
	<u>Gas</u>		
17	Core Pipeline Demand Charge Account	Immaterial	\$50
18	Purchased Gas Account	Immaterial	(11)
19	Gas Program Balancing Account	Immaterial	1
20	Alternative Energy Program Balancing Account	Interest and immaterial costs not captured in the SAP general ledger	327
21	Hazardous Substance Mechanism - Gas	Interest and immaterial costs not captured in the SAP general ledger	(125)
22	New Environmental Regulations Balancing Account	Interest and immaterial costs not captured in the SAP general ledger	(4,595)

#	Balancing Account Names	Variance Reason	Variance Amount
23	Non-Tariffed Products and Services Balancing Account – Gas	Interest and immaterial costs not captured in the SAP general ledger	(140)
24	Wildfire Mitigation Balancing Account - Gas	Interest and immaterial costs not captured in the SAP general ledger	(8,488)
25	Mobile Home Park Balancing Account - Gas	Reclass recorded erroneously	(34,534)
26	Santa Nella Balancing Account - Gas	Reclass recorded erroneously	470,143
	Subtotal – Gas		\$ 422,627
	Grand Total		<u>\$ (3,301,435)</u>

Table 3
Summary of Reporting Discrepancies
Omitted Balancing Accounts
Finding 1

#	Balancing Account Name
<u>Electric Balancing Accounts</u>	
1	Community Renewable Energy Program Balancing Account (CREPBA)
2	Power Charge Indifference Adjustment Prepayment Balancing Account (PCIAPPBA)
<u>Gas Balancing Accounts</u>	
3	Gas Distribution New Business Balancing Account (GDNBBA)
4	Gas Research and Development (R&D) And Deployment Balancing Account (GRDDBA)
5	Gas Transmission New Business Balancing Account (GTNBBA)
6	In-Line Inspection Balancing Account (ILIBA)

APPENDIX A—UTILITY'S RESPONSE TO DRAFT AUDIT REPORT



Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, Ca, 94612-3534

June 2, 2026

Ms. Angie Williams, Director
Utility Audits, Risk and Compliance Division

Subject: Pacific Gas and Electric's Response to the Utility Audit Branch (UAB) of the California Public Utilities Commission (CPUC) Audit of Pacific Gas and Electric Company's Balancing Accounts for the period of January 1, 2024, through December 31, 2024

Dear Ms. Williams:

Pacific Gas and Electric (PG&E) received the draft report in connection with the audit of PG&E's balancing accounts for the period of January 1, 2024 to December 31, 2024 from the UAB of the CPUC on May 18, 2026. PG&E takes this opportunity to submit comments concerning the Findings and Recommendations section of the audit report.

Finding 1: Inaccurate Reporting of Balancing Accounts

Condition

Discrepancies between the 2024 Annual Report filed with UAB and tracking statements totaling \$3,301,435 included the following:

- Misstating the year-end balances for 26 (16 electric and 10 gas) balancing accounts which resulted in PG&E understating its total year-end under-collected balance by a total of \$3,301,435.
- Omitting the reporting of six (2 electric and 4 gas) authorized balancing accounts that had zero activity recorded to the accounts in 2024.
- Including the Power Charge Collection Balancing Account (PCCBA) – Electric that had a zero balance and was retired by PG&E on December 31, 2022, pursuant to Advice Letter (AL) 6764-E.

Recommendation

PG&E should follow its enhanced review process and ensure that all applicable staff are properly trained and adhere to its enhanced procedures for the preparation of its Annual Report filed with the CPUC so that it:

- includes all authorized balancing accounts in PG&E's Annual Report filed with CPUC regardless of whether there were activities recorded in the accounts during the reporting year;
- accurately reports all authorized balancing accounts and applicable year-end balances to CPUC; and
- includes only balancing accounts in the Annual Report that are active and authorized by CPUC.

PG&E Response

PG&E has implemented process improvements to the annual report preparation process, starting with the fiscal year 2025 annual report. Processes improvements include enhancing:

- Completeness checks to ensure all accounts are captured within the report
- Preparation and review procedures to ensure ending balances are properly supported by tracking statements.

Finding 2: Incorrect Interest Recorded and Reported

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Condition

Overstatement of interest of \$893,476 due to various errors in the interest calculation for 4 accounts.

Recommendation

PG&E should follow its enhanced review process and ensure that all applicable staff are properly trained and adhere to its enhanced interest calculation policies and procedures so that interest is calculated correctly and applied appropriately as stipulated in the CPUC approved Preliminary Statement to avoid any potential or continuous errors.

In addition, PG&E should complete the required adjustments in its accounting records to address the interest variances related to its TEBA and AMCDOP totaling \$90,774 and \$2,710, respectively, that remained uncorrected during the audit.

PG&E Response

PG&E has performed a review of all accounts prior to the 2025 annual report to ensure that the accounts are utilizing the same methodology for calculating interest. In addition, PG&E evaluated its procedures and policies related to calculating interest to ensure that a consistent methodology is utilized in recording journal entries and reconciling the tracking statements.

PG&E will record the correcting entries for TEBA and AMCDOP.

Finding 3: Unsupported Contract Expenditures Totaling*Condition*

PG&E did not have the rate schedule to support amounts charged to the Overhead and Underground Maintenance Balancing Account (OUMBA) and Vegetation Management Balancing Account (VMBA) totaling \$394,660.

Recommendation

PG&E should strengthen its contract management and document retention controls to ensure that all contracts and associated rates schedules are properly maintained, organized, and readily accessible for operational and audit purposes. PG&E should also reduce its expenditures recorded in electric OUMBA and VMBA by a total of \$22,385 and \$372,275, respectively.

PG&E Response

PG&E will evaluate its procedures and policies related to its document retention for contracts for supporting documentation.

Finding 4: Duplicate Expenditures Charge to OUMBA*Condition*

PG&E overstated its expense recorded to the OUMBA for \$2,200 due to a duplicate charge for hourly flagger labor. The duplicate charge was confirmed during the audit.

Recommendation

PG&E should continue to strengthen its oversight and monitoring over its vendor invoice payment approval process to ensure expenses are accurately recorded and reported to each balancing account. PG&E should also reduce its expenditures recorded in electric OUMBA by a total of \$2,200.

PG&E Response

PG&E will record an adjusting entry to remove the charge from the OUMBA. PG&E will evaluate its procedures for invoice review to prevent future duplicate payments.

Conclusion

PG&E appreciates the work performed by the UAB and looks forward to the final audit report. If there are any follow up questions concerning this response, please contact Mia Gilbert (Mia.Gilbert@pge.com)

Internal



Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, Ca, 94612-3534

Sincerely,

Stephanie Williams
Vice President, Controller, Utility Chief Financial Officer
Pacific Gas & Electric Company
300 Lakeside Drive
Oakland, CA 94612-3534

cc: Jennifer Garboden, Senior Director, Assistant Controller, PG&E
Mia Gilbert, Director, Energy Accounting, PG&E
Masha Vorobyova, Assistant Director, UAB, CPUC
Kevin Nakamura, Program and Project Supervisor, UAB, CPUC
Angie Huang, Senior Management Auditor, UAB, CPUC
Edwin Estemon, Senior Management Auditor, UAB, CPUC
Na "Lina" Li, Senior Management Auditor, UAB, CPUC
Elizabeth "Liz" Abundis, Staff Services Management Auditor, UAB, CPUC
Kiana Kwong, Staff Services Management Auditor, UAB

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Internal

APPENDIX B—UAB'S EVALUATION OF UTILITY'S RESPONSE

We appreciate PG&E's comments submitted on June 2, 2026. PG&E did not dispute the findings and provided general comments and responses regarding the recommendations.

In its comments and response to the recommendation for Finding 3, PG&E indicated that it will evaluate its procedures and policies related to the retention of contract documents but was silent regarding the reduction of expenses recorded in the electric OUMBA and VMBA by a total of \$22,385 and \$372,275, respectively. Accordingly, we reiterate our recommendation for PG&E to record the necessary adjusting entries to remove the unsupported expenditures identified during the audit and ensure that the balances of OUMBA and VMBA are accurately stated.

We appreciate PG&E's efforts and willingness in implementing corrective actions noted in its response, namely by implementing process improvements to its Annual Report preparation process, ensuring appropriate interest methodology is consistently applied to all balancing accounts, and evaluating its procedures and policies related to contract document retention and invoice review to prevent duplicate payments.