

# Memorandum



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**Date:** December 20, 2013  
**To:** Edward Randolph  
Director of Energy Division  
**From:** **Public Utilities Commission—** Kayode Kajopaiye, Branch Chief  
**San Francisco** Division of Water and Audits  
**Subject:** San Diego Gas and Electric Company Advice Letter 2509-E  
Quarterly Procurement Plan Compliance Report for the second Quarter of 2013

**Based on the results of its audit, the Division of Water and Audits' Utility Audit, Finance and Compliance Branch (UAFCB) did not find any material reasons for Energy Division (ED) to deny the approval of San Diego Gas and Electric Company's (SDG&E) Advice Letter No. (AL) 2509-E.** The SDG&E procurement transactions during the second quarter of 2013 (Q2) that UAFCB examined were, in all material respects, in compliance with SDG&E's procurement plan, as approved in Decision (D.) 12-01-033, Assembly Bill (AB) 57 procurement rules and several procurement-related Commission directives. SDG&E's transactions conducted in the Integrated Forward Market (IFM) and the Residual Unit Commitment Market (RUC) are outside the scope of UAFCB's audits. UAFCB's audit is limited in scope and does not provide full assurance to the reasonableness of SDG&E's Q2 Quarterly Compliance Report (QCR) filing or its Q2 transactions.

**A. Audit Findings:**

UAFCB does not have any negative audit findings with respect to SDG&E's Q2 QCR filing.

**B. Background:**

As required by D.02-10-062, OP 8, and clarified in D.03-12-062, Pacific Gas and Electric Company, SDG&E, and Southern California Edison must submit QCR filings for all transactions of less than five years duration executed in the quarter. ED requested that the UAFCB conduct compliance audits of these utilities' quarterly procurement compliance filings.

The objective of these quarterly audits is to determine if the utilities were in compliance with their Commission-approved procurement plans, while complying with all AB 57 procurement rules and several procurement-related rulings and decisions, including, but not limited to, D.02-10-062, D.03-06-076, D.03-12-062, D.04-12-048, D.07-12-052, D.08-11-008, and D.12-01-033.

**C. Conclusion:**

SDG&E's AL 2509-E and its Q2 procurement transactions for electricity and natural gas were, in material respects, in compliance with SDG&E's Commission-approved procurement plan and all relevant Commission decisions. SDG&E's Q2 transactions, in material respects, appear to be complete, accurate and properly authorized by its management.

If you have any questions concerning UAFCB's audit, please contact Tracy Fok at (415) 703-3122.

- cc: Rami Kahlon, Director, Division of Water and Audits
- Judith Ikle, Energy Division
- Michele Kito, Energy Division
- Lily Chow, Energy Division
- Donna Wagoner, Division of Water and Audits
- Tracy Fok, Division of Water and Audits