State of California

Memorandum

Date: April 16, 2013

To: Edward Randolph
Director, Energy Division

From: **Public Utilities Commission— San Francisco -** Kayode Kajopaiye, Branch Chief
Division of Water and Audits

Subject: **Interim Financial, Management and Regulatory Compliance Examination of Pacific Gas & Electric Company's Energy Savings Assistance Program For the Period January 1, 2009 through December 31, 2010**

Except for the issues discussed below, Pacific Gas & Electric Company (PG&E) demonstrated to a reasonable degree its compliance with Commission directives with respect to its 2009 and 2010 Energy Savings Assistance Program[1] (ESAP) in the areas the Utility Audit, Finance and Compliance Branch (UAFCB) focused on when it conducted its Financial, Management and Regulatory Compliance Examination.[2] UAFCB's examination included the Electric Appliances and General Administration cost categories, internal controls and reporting.

A. Summary of Examination Observations and Recommendations

The following is a brief summary of UAFCB's observations and recommendations resulting from its examination. A detailed description of UAFCB's analysis and observations is included in Appendix A.

Observation 1: UAFCB did not detect any errors when it reconciled the total amounts shown spent for 2009 and 2010 on electric appliances in PG&E's accounting system to the total PG&E reported it spent in its annual reports.

Recommendation: None.

Observation 2: PG&E failed to demonstrate compliance with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts (USOA), General Order (GO) 28 and its internal accounting controls. Invoices for six percent or $2.98 million of the sampled contractor invoice transactions lacked sufficient documentation.

Recommendation: PG&E should ensure that all recorded program expenditures are fully supported by sufficient appropriate documentation, including documents substantiating its performed procedures. UAFCB should review PG&E's documentation retention standards, any new internal controls in this area and PG&E's implementation of those standards and controls in any future examinations or audits.

Observation 3: For the 15 customer files UAFCB reviewed, PG&E applied processes and procedures that were consistent with the P&P Manual and its internal policy and procedures when determining customer eligibility and measure qualification.

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[1] Previously known as the Low Income Energy Efficiency Program or LIEE.
[2] This examination was limited in scope and does not provide full assurance as to PG&E's compliance.

Recommendation: None.

Observation 4: UAFCB did not detect any errors when it reconciled the number of customers enrolled and homes treated shown for 2009 and 2010 in PG&E's accounting system to the total PG&E reported in its annual reports.

Recommendation: None.

Observation 5: UAFCB did not detect any errors when it reconciled the general administrative costs recorded in PG&E's 2009 and 2010 accounting system to the totals PG&E reported in its annual reports.

Recommendation: None.

Observation 6: PG&E failed to demonstrate compliance with general accounting principles and § 581. PG&E reports its prime contractor costs to administer its ESAP within other cost areas such as within the measures.

Recommendation: To accurately reflect the true extent of the ESAP general administrative costs, the Commission and all four large utilities providing ESAP should devise an accounting and reporting system to capture all costs to administer ESAP in the administrative cost category whether incurred internally by the utility or externally by a utility contractor. Within 90 days of the date of this memo, ED should provide its guidance or decision to the utilities and UAFCB on how it plans to resolve this matter.

Observation 7: PG&E failed to demonstrate compliance with: the USOA, GO 28, D.05-04-052 and §§ 451, 581 and 584. Thirty-nine percent of the contracted hourly rates of PG&E's implementation contractors are unidentified general administrative costs and lack proper substantiation.

Recommendation: UAFCB plans to revisit this issue in future examinations or audits. If PG&E fails to provide substantiation for the suppliers administrative costs, UAFCB would not hesitate to recommend that PG&E's shareholders should reimburse the ESAP for the amount of unidentified and unsubstantiated general administrative costs of its direct service providers that it did not require a breakdown for. PG&E should begin to require its contractors to provide a full breakdown and substantiation of their costs as required in D. 05-04-052 and GO 28 and provide the results of such when requested to do so by the Commission. Within 90 days after the UAFCB provides this memo and Appendix A and C to PG&E, it should provide the UAFCB with a summary of the steps it has taken to resolve this matter.

Observation 8: PG&E failed to demonstrate compliance with the FERC USOA, GO 28 and its own internal accounting controls. Two recorded entries from the sample reviewed were lacking supporting employee timecards.

Recommendation: PG&E should ensure that all recorded program expenditures are fully supported by sufficient appropriate documentation and maintain said documentation so that UAFCB may readily examine same at its convenience. UAFCB should review the implementation of PG&E's new labor recording processes in any future examinations or audits.

Observation 9: PG&E failed to demonstrate compliance with §§ 451, 581 and 584. PG&E overpaid one of its contractors by $8,272. See also observation 10.

Recommendation: PG&E should: (1) revise the terms of its existing contracts to include a provision requiring a detail-level hours worked schedule from its vendors; (2) refund ESAP funds with either (a) a charge against its investors' account or (b) a recovery from the contractor in question; and (3) ensure accurate and complete vendor billing support before making payments. Within 90 days after the UAFCB provides this memo and Appendix A and C to PG&E, it should provide the UAFCB with a summary of the steps it has taken to resolve this matter. UAFCB should review this area in a future examination or audit.

Observation 10: PG&E failed to demonstrate compliance with the USOA, GO 28 and §§ 451, 581 and 584. UAFCB was unable to determine the accuracy of invoices totaling $266,036.[3]

Recommendation: PG&E should: (1) revise its existing contracts to include a provision requiring a detailed level, as opposed to the summary level, of hours worked from its vendors; (2) review the recorded expense entries against a to-be-recalculated amount based on a detailed level of hours worked and, if the entries do not reconcile, make restitution to the program balancing account with either (a) a charge against its investors' account or (b) a monetary recovery from the vendor; and (3) ensure accurate and complete vendors billing support before making payments. Within 90 days after the UAFCB provides this memo and Appendix to PG&E, it should provide the UAFCB with: (1) copies of the detail-level schedules of hours worked for the invoices in question or evidence of making restitution to the program and (2) a copy of a revised contract requiring the contractor to provide a detail-level schedule of hours worked in addition to the summary.

Observation 11: PG&E did not demonstrate compliance with §§ 581 and 584. PG&E improperly accounted for or improperly accrued some of its employee's hours.

Recommendation: PG&E should ensure proper accounting for its labor hours to ensure accurate data reporting and program labor costing. UAFCB should review the implementation of PG&E's new labor recording processes in any future examinations or audits.

Observation 12: Initially, UAFCB alleged that PG&E failed to demonstrate compliance with Public Utility Code §§ 581 and 584[4] concerning its fund shifting reporting. This was because the UAFCB could not reconcile PG&E's fund shifting activities on Table 19 of PG&E's 2010 annual report since it did not notice the pertinent information contained in a footnote.

Recommendation: None.

Observation 13: Initially, UAFCB believed that PG&E failed to demonstrate compliance with §§ 581and 584 based on the information contained in PG&E's internal audit report. Based on findings included in a PG&E internal audit report, UAFCB felt that energy savings data that PG&E reported to the Commission from years 2006 through most of 2011 could have been overstated.

Recommendation: None.

Observation 14: PG&E failed to demonstrate compliance with the FERC USOA, GO 28 and its own internal controls and procurement policies and procedures. Over 34% of the payments to contractors that UAFCB sampled lacked proper supporting documentation.

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[3] $169,476 + $96,560 = $266,036. See amounts in the condition section.

[4] All statutory references are to the Public Utilities Code unless stated otherwise.

Recommendation: PG&E should (1) adhere to and enforce the terms of its existing contracts and (2) preserve all the required documentation supporting all of its recorded expenses in a manner such that UAFCB may readily examine the same at its convenience. (3) If PG&E changes the way it conducts business during an active contract period, PG&E should amend its contracts with its direct service providers and ensure that the terms of the executed contract are adhered to. Within 90 days after the UAFCB provides this memo and Appendix to PG&E, it should inform the UAFCB of the steps it has taken to resolve this matter.

Observation 15: PG&E failed to demonstrate compliance with §§ 451, 581 and 584. Five of the transactions sampled regarding payments to PG&E's direct service providers that UAFCB reviewed had inconsistent accounting for rendered services and allocations between its gas and electric programs.

Recommendation: UAFCB should review PG&E's new controls and their implementation in this area in a future audit or examination.

UAFCB provided a copy of its analysis, observations, and recommendations of the examination to PG&E for comment. UAFCB summarized PG&E's comments, and included UAFCB's rebuttal to those comments, in Appendix A. Due to the number of pages of its comments, PG&E's response in its entirety is included as a separate attachment to this report.

B. Examination Process

Based on consultation with the Energy Division, UAFCB's prior experience in examining PG&E's program, and the results of UAFCB's risk assessment, UAFCB focused its examination on the areas mentioned above and evaluated compliance in those areas with Commission directives and the established LIEE Policy and Procedures (P&P) Manual, dated August 2010. Additional details regarding UAFCB's examination processes and procedures are found in Appendix B and some pertinent information about PG&E's ESAP is found in Appendix C.

C. Conclusion

Except for the items described above, PG&E demonstrated compliance with Commission directives in the areas examined.

If you have any questions on UAFCB's examination, please contact Kayode Kajopaiye.

cc: Rami Kahlon, Director, Division of Water and Audits
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Appendix A
Analysis and Findings

A.1 Introduction

Except for the deficiencies described below, Pacific Gas and Electric Company (PG&E) demonstrated, to a reasonable degree, compliance with Commission directives with respect to its 2009 and 2010 Energy Assistance Saving Program (ESAP) in the areas that Utility Audit, Finance and Compliance Branch (UAFCB) examined.[1] UAFCB's examination included the Electric Appliance and General Administrative cost areas, reporting and the internal accounting controls established by PG&E to administer ESAP.[2] The directives that UAFCB used to test compliance included, but were not limited to: Decision (D.) 08-11-031 and Energy Division's (ED) emails, dated March 26 and August 27, 2012. UAFCB's scope and methodology used for the examination are described in Appendix B, Examination Elements.

On November 20, 2012, UAFCB provided a copy of its analysis, observations, and recommendations resulting from its examination, as well as a summary of PG&E's 2009 and 2010 ESAP to PG&E for comment. PG&E provided its comments in response to UAFCB's observations and recommendations on December 7, 2012. UAFCB includes a summary of PG&E's comments and UAFCB's rebuttal to those comments in this appendix. Due to the number of page of PG&E's comments, UAFCB includes them in their entirety as a separate attachment to this report.

A.2 ESAP Electric Appliances

Observation 1: UAFCB did not detect any errors when it reconciled the total amounts shown spent for 2009 and 2010 on electric appliances in PG&E's accounting system to the total PG&E reported spent in its annual reports.

> **Criteria:** Section 584 requires utilities to provide reports to the Commission as specified by the Commission. In addition, § 581 requires that "… Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"
>
> **Condition:** PG&E's electric appliance costs as recorded in its general ledger were \$37,224,523 and \$56,551,135 in the program years 2009 and 2010, respectively. These amounts tie with the amounts reported in its annual reports.
>
> **Recommendation:** None.

Observation 2: PG&E failed to demonstrate compliance with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts (USOA), General Order (GO) 28 and its internal accounting controls. Invoices for six percent or \$2.98 million of the sampled contractor invoice transactions lacked sufficient documentation.

> **Criteria:** The FERC USOA and GO 28 require that the utilities preserve all records, memoranda and papers supporting each and every entry so that the Commission may readily examine the same at its convenience. PG&E's internal accounting controls require, among other things, that all vendor invoices must be approved before making payments.

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[1] UAFCB's examination was limited in scope and does not provide full assurance as to PG&E's compliance.
[2] Also, known as Low Income Energy Efficiency Program or LIEE.

Condition: UAFCB found that 4 transactions, or 6% of the 70 transactions it sampled, which were part of three direct service providers' invoices, had no documentation to support whether the invoices had been approved for payment. Two invoices were in 2009 with a combined value of $2,769,120 and one invoice was in 2010 with a total value of $209,414. On October 9, 2012, in response to the UFACB audit findings disclosed at the exit meeting held on October 2, 2012, PG&E stated that the documents supporting its payment review and approval process for the referenced invoices, could not be located.

Cause: PG&E's inability to locate the program manager's approved invoice checklists indicates a weakness in its established internal accounting controls.

Effect: Failure to comply with its established internal accounting controls may put PG&E at risk of over payments to its vendors and does not provide a proper audit trail.

PG&E's Response: PG&E agrees that all recorded program expenditures should be fully supported with the appropriate documentation and acknowledged that the invoices noted in UAFCB's condition lacked evidence of the program manager's approved invoice checklist. PG&E noted that it currently has internal controls in place to ensure proper oversight of invoices prior to payments. In addition, PG&E stated that it continuously endeavors to improve its internal controls and is undergoing a company-wide initiative to review its existing document retention standards, which include the document retention of the invoices and supporting documentation in question.

Rebuttal to PG&E's Response: Conducting a company-wide initiative to review documentation standards is a good first step. PG&E needs adequate and appropriate document retention controls that it vigorously enforces. Implementing new documentation retention standards company-wide, developing related necessary internal controls and making sure to enforce those new standards should create improvements in this area.

Recommendation: PG&E should ensure that all recorded program expenditures are fully supported by sufficient appropriate documentation, including documents substantiating its performed procedures. UAFCB should review PG&E's documentation retention standards, any new internal controls in this area and PG&E's implementation of those standards and controls in any future examinations or audits.

Observation 3: For the 15 customer files UAFCB reviewed, PG&E applied processes and procedures that were consistent with the P&P Manual and its internal policy and procedures when determining customer eligibility and measure qualification.

Criteria: The P&P Manual and PG&E's policies and procedures prescribe customer eligibility and measure qualification processes.

Condition: Of the 15 customer files that UAFCB reviewed, six from 2009 and nine from 2010, PG&E was in compliance with the P&P Manual and PG&E's established policy and procedures for customer eligibility and measure qualification processes.

Recommendation: None.

Observation 4: UAFCB did not detect any errors when it reconciled the number of customers enrolled and homes treated shown for 2009 and 2010 in PG&E's accounting system to the total PG&E reported in its annual reports.

Criteria: Section 584 requires utilities to provide reports to the Commission as specified by the Commission. In addition, § 581 requires that "… Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"

Condition: PG&E's recorded data agreed with the data it reported to the Commission.

Recommendation: None.

A.3 General Administrative Costs

Observation 5: UAFCB did not detect any errors when it reconciled the general administrative costs recorded in PG&E's 2009 and 2010 accounting system to the totals PG&E reported in its annual reports.

Criteria: Section 584 requires utilities to provide reports to the Commission as specified by the Commission. In addition, § 581 requires that "… Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"

Condition: PG&E's recorded data agreed with the data it reported to the Commission.

Recommendation: None.

Observation 6: PG&E failed to demonstrate compliance with general accounting best practices and § 581. PG&E reports its prime contractor costs to administer its ESAP within other cost areas such as within the measures.

Criteria: Accounting best practices provide that relevant or similar costs be booked and presented together for comparative analysis and monitoring. Section 581 requires that "…Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"

Condition: PG&E accounted for and reported the costs incurred by its prime contractor RHA to administer its ESAP as part of the costs of the various subcategories that RHA administered and not in the administrative cost category. PG&E's policy understates the true cost of PG&E's administrative expenses and overstates the measure costs.

In D.09-09-042, although addressing the energy efficiency programs, the Commission discussed the importance of budget transparency especially, with respect to administrative costs.[3] The Commission noted that consistency in how administrative costs are reported by the four large energy utilities is necessary to allow a proper evaluation of the administration of the programs. The same can be said for the administrative costs of ESAP. To enable the Commission to properly evaluate budget proposals, it should be afforded an accurate picture of the program's measure costs and its total administrative costs, whether incurred by the utility or its administrator contractor.

Cause: PG&E accounts for its contractor administrative costs in the measure costs instead of separating them and including such costs in the administrative cost area.

[3] See D.09-09-042, pp. 55 through 57.

Effect: Without an appropriate methodology to comprehensively capture and account for all the ESAP administrative costs in one reporting area, the Commission is unable to determine what percentage of each dollar spent is attributable to the program core services, as opposed to administration, such as actual measures installed, post inspections, etc. PG&E's current methodology overstates measures costs and understates the true costs of administering its ESAP.

PG&E's Response: PG&E points out that D.09-09-047 pertains to the 2009-2011 Energy Efficiency Program and is not applicable to ESAP, which is instead guided by D.08-11-031. In addition, PG&E asserts that the 10% cap established in D.09-09-047 does not apply to third party and local government partners. PG&E stated that its administrative costs were appropriately recorded and reported in its 2009 and 2010 Annual Reports, and that the expenditures in question were approved by the Commission in the budget categories that PG&E reported them in and the reported costs are in compliance with the terms and conditions of the approved contract with its contractor administrator. PG&E asserts that by reporting the expenditures in the category in which they were approved ensured proper monitoring of actual costs with the Commission's authorized budgets. Furthermore, the Commission ordered the Energy Division to review the annual reports when the utilities submitted them and to notify the Commission if the utilities were not meeting the directives and goals of D.08-11-031. Lastly, PG&E explained that it used the reporting templates approved in D.08-11-031.

Rebuttal to PG&E's Response: While D.09-09-047 applies only to the energy efficiency programs, as UAFCB noted in its draft report, the discussion on budget transparency in that decision and the principles supporting the cap established for the energy efficiency programs are valid precepts that the Commission should use when evaluating ESAP budget proposals. The Commission implemented a 10% administrative cost cap for the energy efficiency programs to ensure the containment of administrative costs at a reasonable level.[4] Although UAFCB is not recommending a cap on administrative costs for the ESAP at this time, ensuring that all costs incurred by the utilities to administer the ESAP are properly captured and reported as administrative costs is important. Only then can this Commission continue to make informed policy decisions that keep program administrative costs at reasonable levels.

It may have been appropriate, in this case, for PG&E to record and report its prime administrator contractor costs per the budget categories approved by the Commission to allow comparisons to the authorized budget. However, doing so limits the Commission's ability to compare measure and administrative costs between the utilities. A utility that doesn't contract out administering its program records all the costs of managing/administering its contractor implementers in its administrative costs but PG&E includes a major portion of these costs in the measure costs.

From an accounting standpoint, similar and relevant costs should be grouped and recorded together. Whether or not a utility contracts out for the ESAP administrative function should not dictate a different accounting treatment for those costs. All costs to administer the program should be accounted for in the same manner. The Commission should require utilities which contract out administrative functions to record the costs of its contactor administrator's functions related to administering its program in the

[4] See Decision No. 09-09-047, pp 49 and 62 through 63.

administrative cost area. Doing so will capture program functionalities of a similar nature in the same cost category and will enable the Commission to better compare measure and administrative costs between utilities.

For program years 2009 and 2010, including the costs of RHA to administer PG&E's ESAP in the administrative cost category would have resulted in PG&E overspending its administrative costs for each program year, or by $9.8 million in total, as shown in the following table. However, if the Commission and PG&E include the costs of RHA to administer PG&E's program in the administrative cost category when developing and authorizing its ESAP budget, PG&E should be able to stay within its administrative cost budget.

Table A-1
Recast A&G Expenses for Illustrative Purposes
(Not Including Unidentifiable Direct Provider Administrative Costs)

Description	2009	2010	Total
RHA Admin Reported in Measures	[redacted]	[redacted]	[redacted]
A&G as Reported	2,464,101	2,675,282	5,139,383
Total Admin Costs	[redacted]	[redacted]	[redacted]
Budgeted Admin	3,311,602	3,713,965	7,025,567
Amount Over Budget	[redacted]	[redacted]	[redacted]

Recommendation: To accurately reflect the true extent of the ESAP general administrative costs, the Commission and all four large utilities providing ESAP should devise an accounting and reporting system to capture all costs to administer ESAP in the administrative cost category whether incurred internally by the utility or externally by a utility contractor. Within 90 days of the date of this memo, ED should provide its guidance or decision to the utilities and UAFCB on how it plans to resolve this matter.

Observation 7: PG&E failed to demonstrate compliance with: the USOA, GO 28, D.05-04-052 and §§ 451, 581 and 584. Thirty-nine percent of the contracted hourly rates of PG&E's implementation contractors are unidentified general administrative costs and lack proper substantiation.

Criteria: The USOA and GO 28 require that the utilities preserve all records, memoranda and papers supporting each and every entry so that the Commission may readily examine the same at its convenience. Section 451, among other things, requires that all charges demanded or received by a utility be just and reasonable. Section 584 requires utilities to provide reports to the Commission as specified by the Commission. In addition, § 581 requires that "... Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly ..."

Condition: On average, unidentified general administrative costs represent about 39% of PG&E's direct service providers' contracted labor hourly rates. The unidentified administrative cost portion of the contractors' hourly rates already excluded the identifiable components of: (1) contractor travel charges; (2) payroll taxes; (3) all applicable labor related insurance expenses; and (4) contractors' profit.[5] PG&E included these unidentifiable administrative costs directly in the measure costs.

[5] UAFCB obtained raw data from the PG&E contracts, Direct Labor Costs Breakdown.

PG&E's public goods charge rates include its direct service providers' hourly rate charges for administering and implementing PG&E's ESAP. PG&E was put on notice in D.05-04-052 that a condition of receiving public goods charge funding requires that a contractor must agree to furnish a full breakdown of its contractor costs. Without proper substantiation demonstrating what the unidentifiable administrative costs are comprised of, that portion of the direct service providers' rates cannot be considered just and reasonable and therefore should be not be recoverable through the public goods charge.

Cause: As part of its contracting processes, PG&E has not required that its contractors provide a full breakdown of their costs.

Effect: Ratepayers are inappropriately paying for contractor rates that are not just and reasonable because they are not properly substantiated and for which PG&E did not require a full breakdown for as required in D.05-04-052.

PG&E's Response: PG&E asserts it complied with D.05-04-052, which it claims only required the utilities to work with contractors to provide the requested detailed cost data of the contractors cost on a one-time basis and therefore D.05-04-052 is not applicable to program years 2009 and 2010.

PG&E stated that the expenditures supported the implementation of the program as directed by the CPUC and did not exceed the authorized program budgets, and that there was no misuse of funds to warrant the reimbursement of costs from PG&E shareholders.

Rebuttal to PG&E's Response: The FERC USOA, GO 28 and D.05-04-052 all require that the contractor costs be documented and substantiated so that the Commission may readily examine them at its convenience. A breakdown showing what the contractor administrative costs are comprised of is essential for determining reasonableness, especially when those administrative costs comprise such a major part of the costs. PG&E was put on notice that it was to require its contractors to furnish a full breakdown of its contractors' costs to be able to receive public goods funds.

Recommendation: UAFCB plans to revisit this issue in future examinations or audits. If PG&E fails to provide substantiation for the suppliers administrative costs, UAFCB would not hesitate to recommend that PG&E's shareholders should reimburse the ESAP for the amount of unidentified and unsubstantiated general administrative costs of its direct service providers that it did not require a breakdown for. PG&E should begin to require its contractors to provide a full breakdown and substantiation of their costs as required in D. 05-04-052 and GO 28 and provide the results of such when requested to do so by the Commission. Within 90 days after the UAFCB provides its Energy Division Director memo and Appendix A and C to PG&E, it should provide the UAFCB with a summary of the steps it has taken to resolve this matter.

Observation 8: PG&E failed to demonstrate compliance with the FERC USOA, GO 28 and its own internal accounting controls. Two recorded entries from the sample reviewed were lacking supporting employee timecards.

Criteria: The FERC USOA and GO 28 require that the utilities preserve all records, memoranda and papers supporting each and every entry so that this Commission may readily examine the same at its convenience. PG&E's internal accounting controls require, in substance, that all employee timecards are to be approved and maintained on file.

Condition: Of the 77 recorded administrative expense transactions reviewed, two employee timecards supporting two recorded entries, or 2.6% of the sample, were missing.[6]

Cause: According to PG&E's response, dated October 11, 2012, PG&E could not locate the timecards for the subject employee for the months of June and October of 2009. To improve on its document retention and management approval of the employee timecards, PG&E asserts that it implemented a labor recording process improvement initiative in 2012 that would enable:

(1) Centralized document retention for timesheets, which will be maintained electronically on a secured share drive.
(2) Standardization of the timecard template within Customer Energy Solutions to maintain consistency in time entry.
(3) Increased efficiency in management approval of timesheets through summarization report of labor charges by personnel.
(4) Implementation of quality assurance procedures to perform periodic internal reviews of timesheets to ensure process adherence and accuracy.

Effect: Employee timesheets are the primary source documents supporting the recorded program labor costs. Therefore, the absence of those documents may raise doubts about the validity of the recorded labor expenses.

PG&E's Response: PG&E stated, as noted in its October 11, 2012 response to the exit meeting, that it has implemented a labor recording process improvement initiated in 2012 to improve document retention and management approval of employee timecards. PG&E further stated that the implemented labor recording process improvement initiative has strengthened PG&E's controls over document retention and management review and approval process.

Rebuttal to PG&E's Response: The implementation of PG&E's new labor recording processes in 2012 may create an improvement in this area, as long as PG&E vigorously enforces its new policies.

Recommendation: PG&E should ensure all recorded program expenditures are fully supported by sufficient appropriate documentation and maintain said documentation so that UAFCB may readily examine same at its convenience. UAFCB should review the implementation of PG&E's new labor recording processes in any future examinations or audits.

Observation 9: PG&E failed to demonstrate compliance with §§ 451, 581 and 584. PG&E overpaid one of its contractors by $8,272. See also Observation 10.

Criteria: Section 451 requires just and reasonable rates. Section 584 requires utilities to provide reports to the Commission as specified by the Commission and § 581 requires that "… Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"

[6] UAFCB's test sample #20 and #48.

Condition: Of the 12 recorded administrative expense transactions in UAFCB's sample, UAFCB detected an overpayment of $8,272 or 11% of the recorded total of $78,527.[7] The subject overpayment was due to the differences in the contractor hours worked data between two types of supporting documents – the summary-level schedule vs. the detail-level schedule, not between the recorded vs. the invoiced amount.

Cause: PG&E did not review and reconcile the contractor hours worked on the summary level schedule against the detail-level schedule. Per its response, dated October 11, 2012, PG&E reiterated its earlier statement, in that the terms of its existing contract only required its vendor to provide a summary level of hours worked, as opposed to a detailed level. [8]

Effect: PG&E over paid one of its vendors by $8,272.

PG&E's Response: PG&E indicated that it has streamlined the time reporting requirements of its contractors by only requiring a summary of hours worked. PG&E stated that its invoice review and approval process includes a detailed review of the invoice package which is performed by the Project Manager (PM) and discrepancies with the contractor are resolved prior to payment. For the invoice identified by UAFCB, the PM validated the invoice without exception to the summarized time card. PG&E further stated that its existing contract terms are sufficient for invoice processing and it is not necessary to revise its existing contract terms to include a provision requiring a detail-level schedule of hours worked from its vendors. PG&E further stated that since the summarized time-card supports the invoiced expenditures, a refund of ESAP funds is not deemed appropriate because no overpayment exists.

Rebuttal to PG&E's Response: Requiring a detail-level schedule of hours worked to support labor summarized in an invoice and verifying that the detail to the summary of hours worked for an invoice is a sound business practice to prevent over payments to contractors. When reviewing an invoice for approval, a discrepancy between a detail-level schedule of hours worked and a summary of hours worked in an invoice should be investigated and corrected before approval for payment is given.

Recommendation: PG&E should: (1) revise the terms of its existing contracts to include a provision requiring a detail-level hours worked schedule from its vendors; (2) refund ESAP funds with either (a) a charge against its investors' account or (b) a recovery from the contractor in question; and (3) ensure accurate and complete vendor billing support before making payments. Within 90 days after the UAFCB provides its Energy Division Director memo and Appendix A and C to PG&E, it should provide the UAFCB with a summary of the steps it has taken to resolve this matter. UAFCB should review this area in a future examination or audit.

Observation 10: PG&E failed to demonstrate compliance with the USOA, GO 28 and §§ 451, 581 and 584. UAFCB was unable to determine the accuracy of invoices totaling $266,036.[9]

Criteria: The FERC USOA and GO 28 require that the utilities preserve all records, memoranda and papers supporting each and every entry so that this Commission may

[7] Invoice #114293.
[8] Per its response to UAFCB's data request (DR-005, Q&A No. 4).
[9] $169,476 + $96,560 = $266,036. See amounts in the condition section.

readily examine the same at its convenience. Section 451 requires just and reasonable rates. Section 584 requires utilities to provide reports to the Commission as specified by the Commission. Section 581 requires that "… Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"

Condition: Three invoices, or 25% of the 12 samples of 2010 administrative expense transactions UAFCB reviewed were associated with one vendor and they didn't have any detail-level documentation supporting the vendor hours worked. The three invoices totaled $169,476.[10] For year 2009, UAFCB found one invoice during its review of 77 similar recorded expenses that lacked the same documentation.[11]

Cause: PG&E states that the terms of some of its contracts only required its vendors to provide a summary-level schedule of hours worked.

Effect: As shown in UAFCB's immediately preceding observation, the summary-level schedule of hours worked was unreliable. Therefore, the accuracy of certain sampled recorded expenses could not be determined because PG&E didn't require a detail-level schedule of hours worked to support the hours claimed. This raises doubts as to the accuracy of the recorded program expenditures, or at least as they relate to the referenced contractor.

PG&E's Response: PG&E believes its existing contract terms are sufficient for invoice processing, and it is not necessary to revise the existing contract terms to include a provision requiring a detail-level schedule of hours worked from its vendors.

Rebuttal to PG&E's Response: A detail-level schedule of contractor hours worked to support a summary is appropriate documentation and is an important tool for reviewing invoices. Requiring a detail-level schedule of hours worked and verifying it to a summary of hours worked for an invoice is a sound business practice to prevent over payments to contractors. This method helps ensure that contractors did not make errors when developing summaries of hours worked on their invoices.

Recommendation: PG&E should: (1) revise its existing contracts to include a provision requiring a detailed level, as opposed to the summary level, of hours worked from its vendors; (2) review the recorded expense entries discussed above against a to-be-recalculated amount that is to be based on a detailed level of hours worked and, if the entries do not reconcile, make restitution to the program balancing account with either (a) a charge against its investors' account or (b) a monetary recovery from the vendor; and (c) ensure accurate and complete vendors billing support before making payments. Within 90 days after the UAFCB provides its Energy Division Director memo and Appendix A and C to PG&E, it should provide UAFCB with: (1) copies of the detail-level schedules of hours work for the invoices in question or evidence of making restitution to the program and (2) a copy of a revised contract requiring the contractor to provide a detail-level schedule of hours worked in addition to the summary.

Observation 11: PG&E did not demonstrate compliance with §§ 581 and 584. PG&E improperly accounted for or improperly accrued some of its employee's hours.

[10] $12,200, $121,138, and $36,138 associated with invoices #114292, #118103, and #117338, respectively.
[11] Invoice #105002.

Criteria: Section 584 requires utilities to provide reports to the Commission as specified by the Commission and § 581 requires that "… Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"

Condition: Of the 12 recorded administrative labor expense transactions reviewed, one employee's hours was overstated by 104 hours, or by 46%, for the tested month, July 2010.

Cause: PG&E included 104 hours of the said employee's June hours in the month of July.

Effect: PG&E's improper accounting of its employee's hours may lead to inaccurate monthly labor cost reporting to the Commission and in some cases could lead to inaccurate reporting between program years.

PG&E's Response: PG&E recognizes the importance of timely charging and recording of employee time and the impact it may have on its monthly reporting to the Commission. However, PG&E stated that the delay in charging an employee's hours from one month to another does not affect the reporting for the program year because of the process it uses when it closes its books. PG&E indicated it reviews a 15 month period of expenses before it closes its books for a program year. PG&E clarifies that this provides an additional three-month period subsequent to the end of each calendar year to ensure accurate capturing and reporting of applicable program year expenditures. In addition, PG&E implemented a labor recording process improvement initiative in 2012 to improve document retention and management approval of employee timecards.

Rebuttal to PG&E's Response: While vigorous, PG&E's closing process may not detect all errors. Ensuring accurate initial reporting helps ensure that the closing process will be accurate. The monthly and annual ESAP reports are an important tool for the Commission to use for monitoring the program and should be accurate. The implementation of PG&E's new labor recording processes in 2012 may create an improvement in this area, as long as PG&E vigorously enforces its new policies.

Recommendation: PG&E should ensure proper accounting for its labor hours to ensure accurate data reporting and program labor costing. UAFCB should review the implementation of PG&E's new labor recording processes in any future examinations or audits.

A.4 Reporting

Observation 12: Initially, UAFCB alleged that PG&E failed to demonstrate compliance with Public Utility Code §§ 581 and 584[12] concerning its fund shifting reporting. This was because the UAFCB could not reconcile PG&E's fund shifting activities on Table 19 of PG&E's 2010 annual report since it did not notice pertinent information contained in a footnote.

Criteria: Section 584 requires utilities to provide reports to the Commission as specified by the Commission. In addition, § 581 requires that "… Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"

[12] All statutory references are to the Public Utilities Code unless stated otherwise.

Cause: PG&E reported some of the funds shifted related to a pilot in a footnote instead of the "To/From Year" column in Table 19.

Effect: Obscure or inaccurate data reporting lessens the usefulness of the reported data and should strengthen its internal controls accordingly.

PG&E's Response: PG&E agrees that reports should be clear, accurate and that PG&E should have proper controls in place to meet these reporting objectives. In response to the UAFCB draft examination report statement that information was not readily identifiable in the 2010 or 2011 Annual Report, Table 19, PG&E states that there is a footnote clearly identifying the carry forward amount of "$120,000." PG&E stated that it continuously endeavors to improve its internal controls over its reporting process, and described the implementation of its monthly reconciliation process improvement initiated in 2011 to ensure that the reported expenses reconcile to recorded expenses.

Rebuttal to PG&E's Response: UAFCB agrees with PG&E.

Recommendation: None.

A.5 Internal Controls

Observation 13: Initially, UAFCB believed that PG&E failed to demonstrate compliance with §§ 581and 584 based on the information contained in PG&E's internal audit report. Based on findings included in a PG&E internal audit report, UAFCB felt that energy savings data that PG&E reported to the Commission from years 2006 through most of 2011 could have been overstated.

Criteria: Section 584 requires utilities to provide reports to the Commission as specified by the Commission. In addition, § 581 requires that "... Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly ..."

Condition: On July 18, 2009, PG&E's Internal Audits Department issued a report disclosing five material control weaknesses. One of the noted weaknesses related to whether the energy savings data reported to the Commission were accurate. The report stated that although the internal auditors did not find specific instances of multiple counting for a single measure, PG&E lacked adequate controls to ensure that: (1) the energy savings from a single product were not reported multiple times using several different measure codes; and (2) the energy savings from a single measure were not reported in multiple programs. "This," the internal auditors concluded, "increases the risk that the Utility could overstate its energy savings."

On July 19, 2011, or about two years since the internal audit report issued and after a series of management responses and additional control implementations, the internal auditors indicated that it would be considering auditing the Customer Energy Solution energy savings in 2012 and test the effectiveness of the controls in place at that time.[13]

Cause: Not applicable to ESAP.

[13] Bottom of Form, Team track, Audit of Energy Savings Controls, 09-059, "Controls to Prevent Energy Savings Measures from Being Reported More Than Once."

Effect: Based on the findings in PG&E's internal audit report, UAFCB believed that the findings may be applicable to ESAP. Consequently, UAFCB was concerned that the ESAP energy savings data reported to the Commission from 2006 through the better part of 2011, and possibly into the near future, could be overstated.

PG&E's Response: PG&E clarified that the internal audit finding of the Customer Energy Efficiency Internal Audit Report dated July 28, 2009, referred to by UAFCB, pertains only to the energy efficiency program and is not applicable to ESAP. PG&E further clarified that ESAP measures are linked to a specific payment address and, therefore, the risk noted in the internal audit report does not apply to ESAP installed measures. Furthermore, PG&E indicated that the ESAP database has built in controls to prevent inappropriate enrollment of already treated homes. PG&E also noted that no substantive testing was performed by the UAFCB auditor as it relates to the risk of double counting ESAP energy savings.

Rebuttal to PG&E's Response: PG&E is correct in that UAFCB did not conduct substantive test in relation to risk of the utility's potential double counting its energy savings. However, it is not the UAFCB's objective to corroborate PG&E's internal auditor's audit exceptions, but rather to disclose any such exceptions that may be relevant to ESAP. UAFCB is satisfied that PG&E's internal audit findings are not relevant to ESAP.

Recommendation: None.

Observation 14: PG&E failed to demonstrate compliance with the FERC USOA, GO 28 and its own internal controls and procurement policies and procedures. Over 34% of the payments to contractors that UAFCB sampled lacked proper supporting documentation.

Criteria: PG&E contract – Long Form, par 6.1, et al – requires direct service providers complete a Work Authorization Form (WAF) for each visit and for each scope of work to a project upon the project's completion and attach the WAF to the invoice. The FERC USOA and GO 28 require that the utilities preserve all records, memoranda and papers supporting each and every entry so that the Commission may readily examine the same at its convenience.

Condition: Twenty-one, or 34%, of the sample of 61 recorded payments to direct service providers lacked WAFs. WAFs were missing for the following FIN file numbers: 1119063, 1131635, 1133397, 1118839, 1127281, 1179069, 1134248, 1152397, 1128030, 1301827, 1305165, 1305165, 1207978, 1218872, 1222968, 1226704, 1232377, 1202992, 1203157, 1207404, and 1212332.

Cause: PG&E failed to comply with the terms of its contract and its own internal controls.

Effect: Not requiring or retaining the required WAF may put PG&E at risk of paying its vendors for services that have not been properly reviewed and accounted for. Not documenting contract changes or oral agreements could put PG&E at risk legally if issues develop between it and its contractors.

PG&E's Response: PG&E disagrees with this observation. PG&E states that it adheres to and enforces the terms of its existing contracts. PG&E stated that it did not require hard-copy Work Authorization Forms (WAFs) to be completed as a condition of payment for the 2009-2011 program cycle and after launch of the ESAP management database, Energy Partners Online (EPO). EPO allows for the same information of the WAF to be captured and reviewed in a more readily available electronic format.

Rebuttal to PG&E's Response: PG&E's existing executed contracts require that a hard copy WAF be completed as work is completed and that the WAF be attached to the invoice. If PG&E decided to have the required information provided electronically instead of by a hard copy, it should have memorialized the change in its contracts and ensured that the terms of its executed contracts were adhered to.

Recommendation: PG&E should (1) adhere to and enforce the terms of its existing contracts and (2) preserve all the required documentation supporting all of its recorded expenses in a manner such that UAFCB may readily examine the same at its convenience. (3) If PG&E changes the way it conducts business during an active contract period, PG&E should amend its contracts with its direct service providers and ensure that the terms of the executed contract are adhered to. Within 90 days after the UAFCB provides its Energy Division Director memo and Appendix A and C to PG&E, it should inform the UAFCB of the steps it has taken to resolve this matter.

Observation 15: PG&E failed to demonstrate compliance with §§ 451, 581 and 584. Five of the sampled transactions regarding payments to PG&E's direct service providers that UAFCB reviewed had inconsistent accounting for rendered services and allocations between its gas and electric programs.

Criteria: Section 451 requires just and reasonable rates, § 584 requires utilities to provide reports to the Commission as specified by the Commission and § 581 requires that "… Every public utility receiving from the commission any blanks with directions to fill them shall answer fully and correctly …"

Condition: Five, or eight percent of the sample of 61 recorded payments to direct service providers disclosed inconsistent accounting about which measures were authorized (per SAP 'Authorized Measures') and recorded (per SAP 'R&R Distribution'). Those five transactions had the following FIN numbers: 2118342, 1242690, 1247427, 1226329, and 1233274. There was no clear indication in the work descriptions provided by the contractors to justify the noted inconsistency between the authorized and the recorded services/measures. In addition, with respect to two of the FIN, 1242690 and 1247427, the allocation between the gas and electric departments was changed by PG&E.

Cause: PG&E allowed its managers to correct invoices with discrepancies between the measures noted on the invoice and the measures that had been authorized during the home assessment rather than return them to the contractors for correction. As a consequence of this policy, PG&E's managers could also change the fuel allocation, without returning the invoices to the contractors.

Effect: Correcting its contractors' invoices without requiring the contractor to resubmit a correct invoice increases the chance that measures could be incorrectly recorded or charged to the wrong fuel department. It could also increase the opportunity for unauthorized or incorrect measures to be installed.

Incorrect recording of services/measures would result in inaccurate reporting of measure counts and energy savings. Inaccurate accounting between its gas and electric departments would cause one department to cross subsidize the other. Allowing unauthorized measures to be installed could jeopardize safety and misuse of program funds.

PG&E's Response: PG&E disagrees, stating that the discrepancies identified by UAFCB are primarily the result of PG&E's successful implementation of quality control checks during the invoice review, where the Repair and Replacement (R&R) program manager corrected and paid the invoices for the appropriate measure(s) rather than sending the invoice back for correction. The correction was based on the contractors description of the work performed. However, PG&E also stated that the R&R program manager will retrain all R&R contractors to reinforce the importance of proper billing practices and that it would no longer make corrections after the fact and will revise its review process to ensure that any corrections necessary to invoices are sent back to the contractor to revise and resubmit for payment. This retraining on billing best practices will increase its process efficiency in the invoice review and approval process.

Rebuttal to PG&E's Response: UAFCB appreciates PG&E's diligence in increasing its controls so that measures and allocations between its gas and electric department will be accurately recorded. PG&E needs to ensure that its contractors understand and implement the new training correctly and that the new controls are vigorously enforced.

Recommendation: UAFCB should review PG&E's new controls and their implementation in this area in a future audit or examination.

Appendix C
Program Compendium

C.1 Introduction

On November 6, 2008, the California Public Utilities Commission (Commission) issued Decision (D.) 08-11-031, which, among other things, authorized Pacific Gas and Electric Company (PG&E) a total budget of approximately $416.9 million in ratepayer funds to administer and implement its Energy Saving Assistance Program (ESAP) for the 2009-2011 program cycle.

C.2 ESAP Funding Components

Based on Attachment B to D.08-11-031, of the authorized $416.9 million budget for PG&E's 2009-2011 program cycle, $379 million or 91% was earmarked for energy efficiency measures and $13.4 million or 3% for General Administration. The remaining $27.5 million or 6% was authorized for the following five cost categories: 1) Inspections; 2) Marketing; 3) Measurement and Evaluation; 4) Regulatory Compliance; and 5) CPUC Energy Division. In the following table, UAFCB shows the amounts carried forward, authorized budget, funds available for spending and expenditures for PG&E during program years 2009 and 2010, as reported by PG&E in its annual report.

Table C-1
Ratepayer Funded ESAP Program
Examination Period: January 1, 2009 through December 31, 2010

Description	Amount
2009	
Amount Brought Forward	$ 0
Authorized Budget per D.08-11-031	109,056,366
Available for Spending	109,056,366
Less Actual Expenditures	92,395,409
Amount Carried Forward to 2010	**16,660,957**
2010	
Authorized Budget per D.08-11-031	151,067,347
Available for Spending	167,728,304
Less Actual Expenditures	143,737,628
Amount to Carry Forward	**$ 23,990,676**

In 2010, PG&E's Integrated Demand Side Management (IDSM) organization, now Customer Energy Solutions (CES), used Provider Cost Centers (PCCs) to implement its ESAP. PCCs are teams or organizations performing specific activities. The PCCs, under the umbrella of the CES organization, are directly responsible for implementing all of the PG&E energy programs, such as ESAP and any other energy public purpose programs. [1]

The Customer Energy Efficiency-Low Income Group administers and oversees all aspects of the ESAP. In 2010, PG&E executed a department-wide reorganization to better align duties, wherein several employees were moved to different departments but continue to support ESAP.

[1] According to its Internal Auditor's Report, dated July 18, 2009, PG&E had about 85 energy savings programs as of December 31, 2008.

Positions moved included Senior Project Managers responsible for marketing and outreach, a Senior Database Analyst, and the Senior Program Manager responsible for regulatory activities. PG&E periodically re-assesses its ESAP staffing needs to ensure appropriate staffing levels to adequately administer and implement the program.

PG&E also used contractors to implement its ESAP during 2009 and 2010. RHA, as the prime contractor, administered and hired sub-contractors, the direct service providers, to install measures within PG&E's service territory. In addition to a budget for administering ESAP, RHA's contract also included a budgeted amount for installing measures.

C.3 Electric Appliance Cost Category

Per D.08-11-031, as amended by D.09-06-026, the Commission authorized a cumulative budget of $122.9 million for Electric Appliances for program years 2009 and 2010. For years 2009 and 2010, expenses incurred in the Electric Appliance subcategory were for the installation and/or replacements of appliances and other electric measures provided by ESAP contractors, including an allocated amount for the PG&E prime contractor's administrative costs. Cumulatively, PG&E spent a total of $93.8 million or 77% of its approved electric appliance budgets during 2009 and 2010. Of the $93.8 million, $5.4 million or 6% is attributed to the administration costs incurred by PG&E's prime contractor (RHA).[2] In the following table, UAFCB provides a summary of the PG&E recorded electric appliance expenditures, by measure, for each program year.

[2] For detailed administrative costs associated with the RHA administrative capacity, refer to Table C-4 (below).

Table C-2
Electric Appliance Expenditures
Examination Period: January 1, 2009 through December 31, 2010

Electric Measure	2009	2010
Water Heater Blanket	$ 28,258	$ 44,299
Water Heater Pipe Wrap	10,471	27,130
Water Heater Replacement	0	1,318
Duct Test & Seal	19,250	37,455
Torchieres	562,146	1,277,847
Refrigerators	12,467,706	15,087,222
Landlord Co-pay Refrigerator	12,604	46,697
Permanent Evaporative Cooler	1,320,132	3,721,234
Occupancy Sensors	1,052,631	1,252,173
Low-Flow Showerhead	123,862	255,613
Air Conditioner Replace – Room	1,677,985	3,057,901
Air Conditioner Tune-up	5,197	2,317,227
Central Air Conditioner	91,362	149,722
Landlord Co-pay A/C	3,164	17,416
Compact Fluorescent Lamps	2,165,096	3,639,011
Interior Hardwired Lights	10,103,152	17,601,924
Fluorescent Hardwired Porch	2,377,728	3,610,453
Faucet Aerators	47,492	101,026
Grounding	729,660	932,636
Leveraging Project	477,600	320,527
Contract Administration	2,386,797	3,052,304
Custom Allocation/Benefits	1,562,230	0
Total Electric Appliance Expenditures	**$37,224,523**	**$56,551,135**

Based on the above data, more than 70% of the electric appliance expenses were incurred for lighting and refrigerator measures. Of the $93.8 million spent for electric appliance measures in 2009 and 2010, $39.5 million, or 42%, went to lighting, $27.6 million, or 30%, to refrigerators, and approximately $360,000, or 7.5%, to room air conditioner measures. However, PG&E's methodology of including contract administrative costs of $2.3 million for 2009 and $3 million in 2010 in the Electric Appliance cost category, overstates Electric Appliances by these amounts.

C.4 General Administration Cost Category

PG&E's total authorized budgets for program years 2009 and 2010 were $109,056,366 and $151,067,347, respectively. Of these amounts, the Commission authorized "Other Administration" or General Administrative costs of $3,311,602 and $3,713,965 for the respective program years 2009 and 2010. PG&E reported spending of $2,464,101 and $2,675,282 for these years, respectively. In the following table, UAFCB provides a summary of PG&E's general administrative expenditures, as reported, without the RHA administrative expense component, which PG&E reported in other cost categories.[3]

[3] PG&E reported RHA's administrative expenses associated with PG&E's ESAP implementation in the program areas RHA oversaw.

Table C-3
ESAP General Administrative Expenses[4]
Examination Period: January 1, 2009 through December 31, 2010

Description	**Amount**
2009	
Amount Brought Forward	$ 0
Authorized Budget	3,311,602
Available for Spending	3,311,602
Less Actual Expenditures	2,464,101
Underspent Carried Forward	**847,501**
2010	
Authorized Budget per D.08-11-031	3,713,955
Available for Spending (Line 5+6)	4,561,456
Less Actual Expenditures	2,675,282
Underspent Carried Forward	**$1,886,174**

In the following table, UAFCB provides a breakdown of these costs.

Table C-2
ESAP General Administrative Costs
Examination Period: January 1, 2009 through December 31, 2010

Program Year	**Labor**	**Non-Labor**	**Contract**	**Total**
2009	$ 943,613	$414,616	$1,105,872	$2,464,101
2010	1,704,455	(3,521)	974,348	2,675,282
Total	**$2,648,068**	**$411,095**	**$2,080,220**	**$5,139,383**
Percent	**52%**	**8%**	**40%**	**100%**

In the following table, to show PG&E's total ESAP administrative costs, UAFCB added in RHA's general administrative expenses that PG&E reported in other program areas.

Table C-4
ESAP General Administrative Expenses Including Those Embedded Elsewhere
Examination Period: January 1, 2009 through December 31, 2010

Type of Expenditures	**2009**	**2010**	**Total**
RHA:	[redacted]		
Admin Reported in Gas Appliances			
Admin Reported in Electric			
Admin Reported in Weatherization			
Admin Reported in Marketing			
Admin Reported in Education			
Total RHA Admin Reported Elsewhere			
Reported Administration Costs			
Total Administrative Costs			

[4] Excluding the RHA general administrative costs incurred on behalf of PG&E.