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PRESS RELEASE

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CPUC ESTABLISHES INTERNAL AUDIT UNIT

SAN FRANCISCO, Dec. 11, 2013 - The California Public Utilities Commission (CPUC) today announced the creation of an Internal Audit Unit to help the CPUC modernize and improve its management processes and strategic performance in carrying out the CPUC mission to help ensure safe, reliable utility service and infrastructure at reasonable rates.

The Internal Audit Unit, headed by a Senior Management Auditor, will plan, initiate, and perform audits of key financial, management, operational, and information technology functions within the CPUC to improve accountability and transparency to executive and state management. The Internal Audit Unit will report its findings and recommendations directly to an Audit Sub-Committee of CPUC Commissioners.

The creation of an internal auditing function was one of the recommendations made in a recent external audit of CPUC administrative functions, performed at the CPUC's request. Conducted by the State Controller's Office, the audit identified weaknesses in financial management and reporting, cash processes, personnel and payroll processes, contracting and procurement processes, and parking garage operations. In its response to the audit, the CPUC detailed the immediate steps taken to improve operations, and requested that the State Controller's Office return in third quarter 2014 to follow up on the CPUC's improvements. The CPUC's action to establish an Internal Audit Unit represents the most far-reaching and forward-looking response to the State Controller's Office audit.

"On behalf of all my fellow Commissioners, I welcome the addition of this new Internal Audit Unit to the CPUC management and oversight team. I have every confidence that the Internal Audit Unit

will help the CPUC be all the more effective and efficient in protecting Californians,” said CPUC President Michael R. Peevey.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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