

December 14, 2001

Advice 2178-E

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariff sheets. The affected tariff sheets are listed on the enclosed Attachment I.

Pursuant to Ordering Paragraph 14 of Decision (D.) 97-09-055, PG&E, as servicer of the Rate Reduction Bonds (RRBs) and on behalf of PG&E Funding LLC, is required to apply for adjustment to Fixed Transition Amount (FTA) charges at least 15 days before the end of each calendar year.

PURPOSE

This filing establishes revised FTA charges for rate schedules for residential and eligible small and medium commercial customers. During the rate-freeze period, changes in the FTA charges will be offset by equal and offsetting changes in the residual Competition Transition Charge (CTC) portion of customers' bills.

BACKGROUND

In D. 97-09-055, the Commission authorized PG&E to file routine True-Up Mechanism Advice Letters on an annual basis, at least 15 days before the end of the calendar year. Routine advice letter filings are those where PG&E uses the methodology found reasonable by the Commission in D. 97-09-055 to revise existing FTA charges.

Using the methodology approved by the Commission in D. 97-09-055, this filing modifies the variables used in the FTA charge calculation and provides the resulting modified FTA charges. Table I shows the revised assumptions for each of the variables used in calculating the FTA charges for residential and small commercial customers. The assumptions underlying the current FTA charges were filed in Advice 2060-E, PG&E's most recent routine advice letter filing, as authorized by D. 97-09-055. Attachment II shows the FTA charge calculation for 2002 and the revised payment schedule, Attachment III shows the revised collections curves study results, and Attachment IV shows the

2001 end-of-year forecast of the balances of the Reserve Subaccount, the Overcollateralization Subaccount, and the Capital Subaccount.

| TABLE I | | |
|--|--------------------------|--|
| Input Values For Revised FTA Charges | | |
| | Residential Customers | Eligible Small Commercial Customers |
| Monthly MWh sales: | | |
| December 2001 | 2,372,638 | 644,489 |
| January 2002 | 2,541,984 | 644,693 |
| February 2002 | 2,296,211 | 655,271 |
| March 2002 | 2,177,859 | 661,546 |
| April 2002 | 1,997,432 | 654,199 |
| May 2002 | 1,920,789 | 661,577 |
| June 2002 | 2,058,300 | 709,109 |
| July 2002 | 2,243,290 | 735,936 |
| August 2002 | 2,353,407 | 759,497 |
| September 2002 | 2,310,346 | 789,811 |
| October 2002 | 2,107,589 | 735,886 |
| November 2002 | 2,031,114 | 663,852 |
| December 2002 | 2,406,999 | 654,951 |
| Residential and eligible small commercial bill charge June 1996 | 11.92 ¢/kWh | 12.46 ¢/kWh |
| Percent of residential customers' and eligible small commercial customers' billed amounts expected to be uncollected | 0.27 % | 0.05 % |
| Percent of billed amounts collected in current month | 30.92 % | 33.19 % |
| Percent of billed amounts collected in second month after billing | 56.10 % | 59.20% |
| Percent of billed amounts collected in third month after billing | 10.37 % | 5.57 % |
| Percent of billed amounts collected in fourth month after billing | 1.80 % | 1.46 % |
| Percent of billed amounts collected in fifth month after billing | 0.47 % | 0.42 % |
| Percent of billed amounts collected in sixth month after billing | 0.07 % | 0.11 % |

| | For Series |
|---|--------------------|
| Quarterly Overcollateralization amount | \$362,625.00 |
| Quarterly Servicing Fee as percent of outstanding balance | 0.0625 % |
| Quarterly ongoing transaction expenses | \$31,250.00 |
| Expected FTA outstanding balance as of 12/31/2002 | \$1,450,500,000.00 |
| Undercollection of principal to be reflected in the new FTA charges | \$0 |
| Reserve Subaccount balance to be reflected in the new FTA charges | \$0 |
| Difference between Overcollateralization Subaccount balance and Required Overcollateralization Level to be reflected in the new FTA charges | \$0 |
| Difference between Capital Subaccount balance and Required Capital Level to be reflected in the new FTA charges | \$0 |

Table II shows the revised FTA charges calculated for residential and eligible small and medium commercial customers. The FTA calculations are shown in Attachment II.

| TABLE II | |
|--|---------------|
| Residential Customer FTA Charge | 1.16572 ¢/kWh |
| Eligible Small and Medium Commercial Customer FTA Charge | 1.21853 ¢/kWh |

Attached are proposed changes to electric Preliminary Statement Part AS – *Fixed Transition Amount Charge* to show FTA charges to be effective January 1, 2002.

Rate tables that show the FTA rate component with the affected rate schedules are included in Attachment V. In anticipation that other rates will change on January 1, 2002, PG&E has not filed draft tariffs that include the offsetting change to generation rates. Instead, PG&E will consolidate all rate changes to be implemented on January 1, 2002, in final tariff form on or about the first of the year.

Under Section 7.01(d) of the Transition Property Servicing Agreement between PG&E Funding LLC as Note Issuer and Pacific Gas and Electric Company as Servicer, a Servicer Default has occurred as a result of the Bankruptcy Code on April 6, 2001. However, the Company has performed and continues to perform all of its obligations under the Servicing Agreement, including remitting daily all amounts paid by ratepayers with respect to FTA charges to the RRB trustee, and there is no default under the Indenture with respect to the RRBs.

The assets of PG&E Funding LLC are legally separate from the bankruptcy estate of the Company and are not available to the creditors of the Company.

EFFECTIVE DATE

In accordance with D. 97-09-055, Routine True-Up Mechanism Advice Letters for required annual FTA charge adjustments shall be filed at least 15 days before the end of each calendar year and these adjustments to FTA charges shall be effective at the beginning of the next calendar year. No Commission resolution is required. Therefore, these FTA charges shall be effective **January 1, 2002**, through December 31, 2002.

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. The attachments were not mailed to parties on the electronic service list; however, copies are available upon request. Address changes should be directed to Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President – Regulatory Relations

cc: Paul Clanon, Energy Division
Regina Birdsell, Office of Ratepayer Advocates
Wade McCartney, Energy Division

Attachments



PRELIMINARY STATEMENT
(Continued)

AS. FIXED TRANSITION AMOUNT CHARGE (Cont'd.)

5. FTA CHARGE ADJUSTMENTS: As provided for in P.U. Code §841(c), PG&E will file a True-Up Mechanism Advice Letter one or more times per year to adjust the FTA charge. The adjustment will be based on the following: (1) the most recent test-year sales forecast; (2) the test-year projected amortization schedule; and (3) changes to projected uncollectibles. The adjustment will be applied such that both the residential and commercial FTA charges will be adjusted by the same percentage increase or decrease. (T)

In addition to the annual revisions, PG&E may also make changes to the FTA charge based on changes to the cash flow model not specified above. In this case, PG&E will file a True-Up Mechanism Advice Letter no later than 90 days before the end of any calendar quarter and request that the revised FTA charge become effective the beginning of the next calendar quarter.

In addition to the routine and non-routine true-ups stated above, AB 1890 has stipulated that the Commission shall determine, on each Finance Order issuance anniversary, whether adjustments to the FTA charge are required, with any resulting adjustments to the FTA charge to be implemented within 90 days of the issuance anniversary (P.U. Code §841(e)). PG&E expects to comply with the statute by filing a True-Up Mechanism Advice Letter 15 days before each Finance Order issuance anniversary but expects to state that these true-ups are unnecessary given the annual true-up mechanisms.

6. FTA CHARGE:

| | <u>(cents/kWh)</u> | |
|--|--------------------|-----|
| Residential Rate Schedules | 1.166 (I) | |
| Eligible Small and Medium Commercial Rate Schedules..... | 1.219 (I) | (T) |



TABLE OF CONTENTS
(Continued)

PRELIMINARY STATEMENTS

| SCHEDULE | TITLE OF SHEET | CAL P.U.C. SHEET NO. |
|----------|--|---|
| Part AL | Not Being Used | |
| Part AM | Emergency Procurement Surcharge Balancing Account..... | 17862-E |
| Part AN | Diablo Canyon Property Tax Balancing Account..... | 14432-E |
| Part AO | Not Being Used | |
| Part AP | Not Being Used | |
| Part AQ | Reduced Return on Equity Memorandum Account..... | 14449-E |
| Part AR | 1997 Rate Design Window Shareholder Participation Memorandum Account | 14723-E |
| Part AS | Fixed Transition Amount Charge | 14794,18611-E |
| Part AT | Rate Reduction Bond Memorandum Account..... | 14796,14797-E |
| Part AU | Direct Access Discretionary Cost/Revenue Memorandum Account..... | 14837-E |
| Part AV | Transition Cost Balancing Account | 14983 to 14990,16177,16178, 16618,16619,16620,14995,15723,15724,15725,14998 to 15001,16621,16622,16623-E |
| Part AW | Rate Group Transition Cost Obligation Memorandum Account..... | 16635,15005,18374,18375-E |
| Part AX | Must-Run Fossil Plant Memorandum Account..... | 15726,15009-E |
| Part AY | Non-Must-Run Fossil Plant Memorandum Account..... | 15727,15011-E |
| Part AZ | Non-Must-Run Hydroelectric/Geothermal Memorandum Account..... | 15728,16804,16805-E |
| Part BA | Divestiture Bonus Return on Equity Memorandum Account..... | 15015,15016-E |
| Part BB | Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads..... | 16399,14957,14958,16400,14960, 14961,16229,16230,16231,14963,14964,14965,14966,14967,14968,14969,16401,16402-E |
| Part BC | PU Code Section 376-Restructuring Implementation Tracking Account | 16520,16521-E |
| Part BD | PU Code Section 381(d)-Renewable Program Costs Tracking Account..... | 15018-E |
| Part BE | Must-Run Hydroelectric/Geothermal Plant Memorandum Account | 16510,16181,16806,16807-E |
| Part BF | Streamlining Residual Account..... | 15101-E |
| Part BG | Generation Facility Operations and Maintenance Account..... | 16225,16226-E |
| Part BH | Not Being Used | |
| Part BI | Not Being Used | |
| Part BK | Transmission Revenue Requirement Reclassification Memorandum Account..... | 16761-E |
| Part BL | Electric Low-Income Memorandum Account (ELIMA)..... | 16087-E |
| Part BM | Applicant Installation Trench Inspection Memorandum Account..... | 16607-E |
| Part BN | Vegetation Management Quality Assurance Balancing Account | 16979-E |
| Part BO | Real Property Gain/Loss on Sale Memorandum Account..... | 16651-E |
| Part BP | PX Credit Audit Memorandum Account | 16647-E |
| Part BQ | Interim PX-Based Price Tracking Account (IPXPTA) | 16695-E |
| Part BR | Applicant Installation Trench Inspection Deferred Account | 16606-E |
| Part BS | Schedule E-BID Memorandum Account..... | 16991,16992-E |
| Part BT | Electric Supply Cost Memorandum Account..... | 16813-E |
| Part BU | Vegetation Management Balancing Account | 16887-E |
| Part BV | Allocation of Residual Costs Memorandum Account | 17003,17004-E |
| Part BW | Power Exchange Bilateral Option Memorandum Account..... | 17843-E |
| Part BX | Interruptible Load Programs Memorandum Account..... | 18440,18036-E |
| Part CC | Real Time Energy Metering Memorandum Account..... | 18307,18308-E |

(T)

(Continued)



TABLE OF CONTENTS

| | CAL P.U.C. SHEET NO. | |
|---|---------------------------------------|-----|
| Title Page..... | 8285-E | |
| Table of Contents: | | |
| Rate Schedules | 18613,18504,18163-E | (T) |
| Preliminary Statements | 18605,18612-E | (T) |
| Rules, Maps, Contracts and Deviations | 18503-E | |
| Sample Forms..... | 18460,18581,16546,18452,17337,16759-E | |

RATE SCHEDULES

| SCHEDULE | TITLE OF SHEET | CAL P.U.C. SHEET NO. |
|----------|----------------|-------------------------|
|----------|----------------|-------------------------|

RESIDENTIAL RATES

| | | |
|-------|--|---------------------------------------|
| E-1 | Residential Service..... | 18462,15237,18187-E |
| EE | Service to Company Employees | 18188-E |
| EM | Master-Metered Multifamily Service..... | 18463,15241,15242,18189-E |
| ES | Multifamily Service | 18464,18465,18190,18191-E |
| ESR | Residential RV Park and Residential Marina Service..... | 18466,15249,15250,18192-E |
| ET | Mobilehome Park Service..... | 18467,18468,18193,18194-E |
| E-7 | Residential Time-of-Use Service..... | 18469,18381,15257,18195-E |
| E-A7 | Experimental Residential Alternate Peak Time-of-Use Service..... | 18470,18382,15260,18196-E |
| E-8 | Residential Seasonal Service Option | 18471,18198-E |
| E-9 | Experimental Residential Time-of-Use Service for Low Emission Vehicle Customers | 18472,18384,18385,15267,15268,18199-E |
| EL-1 | Residential CARE Program Service..... | 18473,18474,18475-E |
| EML | Master-Metered Multifamily CARE Program Service..... | 18476,15277,18201-E |
| ESL | Multifamily CARE Program Service..... | 18477,18478,18479,18203-E |
| ESRL | Residential RV Park and Residential Marina CARE Program Service | 18480,18481,18204,18205-E |
| ETL | Mobilehome Park CARE Program Service..... | 18482,18483,18484,18207-E |
| EL-7 | Residential CARE Program Time-of-Use Service | 18485,18389,15293,18208-E |
| EL-A7 | Experimental Residential CARE Program Alternate Peak Time-of-Use Service..... | 18486,18390,18209,18210-E |
| EL-8 | Residential Seasonal CARE Program Service Option..... | 18487,18212-E |

COMMERCIAL/INDUSTRIAL

| | | |
|--------|---|---|
| A-1 | Small General Service..... | 18488,18213-E |
| A-6 | Small General Time-of-Use Service..... | 18489,18392,18214,18215-E |
| A-10 | Medium General Demand-Metered Service | 18490,15307,18216,18217,18218-E |
| A-T | Nondomestic Interruptible Service..... | 11862-E |
| A-RTP | Experimental Real-Time-Pricing Service | 18219,16483-E |
| A-15 | Direct-Current General Service..... | 18394,17090-E |
| E-19 | Medium General Demand-Metered Time-of-Use Service..... | 18491,17092,17093, 18395,18396,18397,15321,18221,18222,18037,18038,18039,18040,18041,15328,16414, 15330,18398,18399,18400,16416,18223,16418,16419,16420,18224,17094,17095,18042-E |
| E-20 | Service to Customers with Maximum Demands of 1,000 Kilowatts or More | 18492,17254,18401, 18402,18403,15348,18225,15350,18226,18043,18044,18045,18046,15356,16430,15358, 18404,18405,18406,16432,18227,16434,16435,16436,18228,17099,17100,17101,18047-E |
| E-25 | Restricted Variable-Peak-Period Time-of-Use Service to Water Agencies | 18493,18407,18408,18409,15376,18229,15378,18230,18231-E |
| E-36 | Small General Service to Oil and Gas Extraction Customers | 18494,18495,18496-E |
| E-37 | Medium General Demand-Metered Time-of-Use Service to Oil and Gas Extraction Customers | 18497,17108,18411,15690,15691,18233,17109-E |
| ED | Experimental Economic Development Rate | 18234,17110-E |
| E-CARE | CARE Program Service for Qualified Nonprofit Group-Living and Qualified Agricultural Employee Housing Facilities | 18335-E |

(Continued)