

August 19, 2003

Advice 2411-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Fixed Transition Amount Charge True-up Mechanism

Pacific Gas and Electric Company (the Company) hereby submits for filing the Anniversary Fixed Transition Amount (FTA)¹ Charge True-Up Mechanism.²

Purpose

Pursuant to Decision (D.) 97-09-055 (Financing Order), Ordering Paragraphs 14 and 16, the Company as servicer of the Rate Reduction Bonds (RRBs), and on behalf of PG&E Funding LLC, is required to file a True-Up Mechanism advice letter at least 15 days before each anniversary of the issuance of the Financing Order, which was issued on September 3, 1997.

The filing establishes that the FTA charges currently in effect are adequate to service the RRBs and that no adjustments to the FTA charges are required at this time.

Background

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 commencement by the Servicer of proceedings for reorganization under Chapter 11 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.

¹ The FTA charge is referred to as the Trust Transfer Amount on customer bills.

² PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

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.

Table I shows the RRB principal balance and the balances in the Collection Account subaccounts immediately following distributions made on June 25, 2003. The assumptions underlying the current FTA charges were filed in Advice 1715-E on December 1, 1997, as authorized by the Financing Order, and Advice 2319-E, filed on December 13, 2002, effective January 1, 2003.

TABLE 1	
RRB Principal Balance and Collection Account Subaccount Balances	
Scheduled RRB Principal Balance	\$1,309,605,239.00
RRB Principal Balance	\$1,309,605,239.00
Reserve Subaccount Balance	\$11,540,534.74
Required Overcollateralization Level	\$7,977,750.00
Overcollateralization Subaccount Balance	\$7,977,750.00
Required Capital Level	\$14,405,000.00
Capital Subaccount Balance	\$14,405,000.00

The Company will file a year-end true-up advice letter on or before December 17, 2003, in accordance with D. 97-09-055, to adjust the Fixed Transition Amount set forth in electric Preliminary Statement Part AS, effective January 1, 2004.

In accordance with the Financing Order, the Commission shall determine on this Financing Order Issuance Anniversary, as required by Public Utilities Code Section 841 (c), whether adjustments to the FTA charges are required, with the resulting adjustments to the FTA charges, if necessary, to be implemented within 90 days of this Financing Order Issuance Anniversary.

Effective Date

In accordance with D. 97-09-055, PG&E requests that this advice filing become effective on **August 19, 2003**.

Notice

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. Address changes should be directed to Sandra Ciach at (415) 973-7572. Advice letter filings can also be accessed electronically at:

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

Vice President - Regulatory Relations

Attachments

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