

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



November 30, 2006

Advice Letter 2926-E

Rose de la Torre  
Pacific Gas & Electric  
77 Beale Street, Room 1088  
Mail Code B10C  
San Francisco, CA 94105

Subject: Anniversary True-up Mechanism Advice Filing for Dedicated Rate Component  
(DRC) Series 2005-1 and 2005-2 Charges

Dear Ms. de la Torre:

Advice Letter 2926-E is effective November 03, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director  
Energy Division

<b>REGULATORY RELATIONS</b>	
Tariffs Section	
M Brown	D Poster
R Dela Torre	S Ramaiya
B Lam	
DEC - 6 2006	
_____ / Records _____	
Return to _____	File _____
cc to _____	



**Brian K. Cherry**  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

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Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
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415.973.4977  
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November 3, 2006

**Advice 2926-E**  
**(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: Anniversary True-up Mechanism Advice Filing for Dedicated Rate Component (DRC) Series 2005-1 and 2005-2 Charges**

Pursuant to California Public Utilities Commission (CPUC) Decision (D.) 04-11-015 (Decision), Pacific Gas and Electric Company (PG&E), as servicer of the Energy Recovery Bonds (ERBs) and on behalf of PG&E Energy Recovery Funding LLC (PERF), hereby files its Anniversary True-up Advice.

As anticipated in D.04-11-015, no true-up of the DRC Series 2005-1 Charge or Series 2005-2 Charge is necessary at this time given the annual and quarterly Routine True-up Mechanism.

**Purpose**

This filing satisfies the statutory requirement, discussed in D.04-11-015, that requires the Commission to determine, on each anniversary of D.04-11-015, whether the DRC Charges need to be modified.

**Background**

In D.03-12-035, which approved the plan for PG&E's emergence from bankruptcy, the Commission established a Regulatory Asset pertaining to PG&E liabilities incurred on behalf of its electric ratepayers during the power crisis of 2000 to 2001. The purpose of the Regulatory Asset, along with the other provisions of the bankruptcy-emergence plan approved by the Commission, was to enhance PG&E's fiscal soundness and allow it to emerge from bankruptcy as a creditworthy entity. In D.04-11-015, the Commission granted PG&E authority to issue ERBs to refinance the Regulatory Asset and associated federal and

state income and franchise taxes, and consequently to reduce PG&E's electric rates.

ERBs are an asset-backed security; investors will rely on the cash flows generated by a specific asset that was sold by PG&E to PERF, a Special Purpose Entity that issued the bonds secured by this asset. The asset that was sold is Recovery Property, a current property right that was created by Senate Bill 772 (the enabling legislation for the ERB transaction), D.04-11-015, and two Issuance Advice Letters, as authorized by D.04-11-015 (Advice 2626-E for ERB Series 2005-1 and Advice 2736-E for Series 2005-2), as a right to receive future revenues from a non-bypassable charge or DRC Charge on consumers of electricity in PG&E's service territory. The DRC Charges cover debt service and all related ERB costs.

In D.04-11-015, the Commission authorized PG&E to file Routine True-up Mechanism Advice Letters at least annually, and not more than quarterly, at least 15 days before the end of the calendar year for the annual filings and at least 15 days before the end of the quarter for the quarterly filings. These filings are intended to ensure that the actual revenues collected and remitted to the ERB trustee under the DRC Charges are neither more nor less than those required to repay the ERBs as scheduled. Routine True-up Mechanism Advice Letter filings are those where PG&E uses the method found reasonable by the Commission in D.04-11-015 to revise existing DRC charges.

D.04-11-015 also notes that Section 848.1(i) of the Public Utilities Code, added by Senate Bill 772, requires the Commission to determine on each anniversary of D.04-11-015 whether the DRC Charges need to be adjusted.

PG&E will file a year-end Routine True-Up Mechanism Advice Letter on or before December 15, 2006, in accordance with D.04-11-015, to adjust the DRC Charges for non-exempt consumers effective January 1, 2007.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by November 27, 2006, which is 24 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, CA 94102

Facsimile: (415) 703-2200  
E-mail: [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company  
Attention: Brian Cherry  
Vice President, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

**Effective Date:**

PG&E requests that this advice filing become effective on **November 3, 2006**.

**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 to the General Order 96-A service list should be directed to Rose De La Torre at (415) 973-4716 (RxDd@pge.com). Advice letter filings can also be accessed electronically at:

**<http://www.pge.com/tariffs>**



Vice President - Regulatory Relations

cc: Sean Gallagher, Energy Division  
Dana Appling, Division of Ratepayer Advocates  
Wade McCartney, Energy Division

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Bernard Lam

Phone #: (415) 973-4878

E-mail: bxlc@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2926-E**

Subject of AL: Anniversary True-up Mechanism Advice Filing for Dedicated Rate Component (DRC) Series 2005-1 and 2005-2 Charges

Keywords (choose from CPUC listing): Compliance Filing

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.04-11-015

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **November 3, 2006**

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave.,

San Francisco, CA 94102

[jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)

Pacific Gas and Electric Company

Attn: Brian K. Cherry

Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

<sup>1</sup> Discuss in AL if more space is needed.

**PG&E Gas and Electric Advice  
Filing List  
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Elsesser	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynergy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Stanford University
California ISO	International Power Technology	Sutherland, Asbill & Brennan
Calpine	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Calpine Corp	IUCG/Sunshine Design LLC	Tecogen, Inc
Calpine Gilroy Cogen	J. R. Wood, Inc	TFS Energy
Cambridge Energy Research Assoc	JTM, Inc	Transcanada
Cameron McKenna	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Cardinal Cogen	Manatt, Phelps & Phillips	U S Borax, Inc
Cellnet Data Systems	Marcus, David	United Cogen Inc.
Chevron Texaco	Matthew V. Brady & Associates	URM Groups
Chevron USA Production Co.	Maynor, Donald H.	Utility Cost Management LLC
City of Glendale	MBMC, Inc.	Utility Resource Network
City of Healdsburg	McKenzie & Assoc	Wellhead Electric Company
City of Palo Alto	McKenzie & Associates	Western Hub Properties, LLC
City of Redding	Meek, Daniel W.	White & Case
CLECA Law Office	Mirant California, LLC	WMA
Commerce Energy	Modesto Irrigation Dist	
Constellation New Energy	Morrison & Foerster	
CPUC	Morse Richard Weisenmiller & Assoc.	
Cross Border Inc	Navigant Consulting	
Crossborder Inc	New United Motor Mfg, Inc	
CSC Energy Services	Norris & Wong Associates	
Davis, Wright, Tremaine LLP	North Coast Solar Resources	
Defense Fuel Support Center	Northern California Power Agency	
Department of the Army	Office of Energy Assessments	
Department of Water & Power City	OnGrid Solar	
DGS Natural Gas Services	Palo Alto Muni Utilities	