

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



January 28, 2009

**Advice Letter 3359-E**

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

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

Dear Mr. Cherry:

Advice Letter 3359-E is effective November 6, 2008.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



November 4 2008

**Advice 3359-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, 2008, in accordance with D.04-11-015, to adjust the DRC Charges for non-exempt consumers effective January 1, 2009.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **November 24, 2008**, which is 20 days from the date of this filing. Protests should be mailed to:

CPUC Energy Division  
Tariff Files, Room 4005  
DMS Branch  
505 Van Ness Avenue  
San Francisco, California 94102

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

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

The protest also should be sent via U.S. Mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

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

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

### **EFFECTIVE DATE**

PG&E requests that this advice filing become effective on **November 4, 2008**.

### **NOTICE**

In accordance with General Order 96-B, Section IV, 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 Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

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

A handwritten signature in cursive script that reads "Brian K. Cherry / dc". The signature is written in dark ink and is positioned above the typed name.

Vice President – Regulatory Relations

# 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 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Daren Chan

Phone #: (415) 973-5361

E-mail: D1CT@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) #: **3359-E**

**Tier: 1**

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

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:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

Resolution Required?  Yes  No

Requested effective date: **November 4, 2008**

No. of tariff sheets: N/A

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: N/A

Protests, dispositions, 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 and mas@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**

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
C & H Sugar Co.	Foster Farms	SESCO
CA Bldg Industry Association	Foster, Wheeler, Martinez	SMUD
CAISO	Franciscan Mobilehome	SPURR
CLECA Law Office	G. A. Krause & Assoc.	Santa Fe Jets
CSC Energy Services	GLJ Publications	Seattle City Light
California Cotton Ginners & Growers Assn	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Energy Commission	Green Power Institute	Sequoia Union HS Dist
California League of Food Processors	Hanna & Morton	Sierra Pacific Power Company
California Public Utilities Commission	Heeg, Peggy A.	Silicon Valley Power
Calpine	Hitachi	Smurfit Stone Container Corp
Cameron McKenna	Hogan Manufacturing, Inc.	Southern California Edison Company
Cardinal Cogen	Imperial Irrigation District	St. Paul Assoc.
Casner, Steve	Innercite	Sunshine Design
Cerox	International Power Technology	Sutherland, Asbill & Brennan
Chamberlain, Eric	Intestate Gas Services, Inc.	TFS Energy
Chevron Company	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chris, King	JTM, Inc.	Tecogen, Inc.
City of Glendale	Los Angeles Dept of Water & Power	Tioga Energy
City of Palo Alto	Luce, Forward, Hamilton & Scripps LLP	TransCanada
City of San Jose	MBMC, Inc.	Turlock Irrigation District
	MRW & Associates	U S Borax, Inc.

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

<b>Clean Energy Fuels</b>	<b>Manatt Phelps Phillips</b>	<b>United Cogen</b>
<b>Coast Economic Consulting</b>	<b>Matthew V. Brady &amp; Associates</b>	<b>Utility Cost Management</b>
<b>Commerce Energy</b>	<b>McKenzie &amp; Associates</b>	<b>Utility Resource Network</b>
<b>Commercial Energy</b>	<b>Meek, Daniel W.</b>	<b>Utility Specialists</b>
<b>Constellation</b>	<b>Merced Irrigation District</b>	<b>Vandenberg Air Force</b>
<b>Constellation New Energy</b>	<b>Mirant</b>	<b>Verizon</b>
<b>Consumer Federation of California</b>	<b>Modesto Irrigation District</b>	<b>Wellhead Electric Company</b>
<b>Crossborder Energy</b>	<b>Morgan Stanley</b>	<b>Western Manufactured Housing Communities Association (WMA)</b>
<b>Davis Wright Tremaine LLP</b>	<b>Morrison &amp; Foerster</b>	<b>White &amp; Case</b>
<b>Day Carter Murphy</b>	<b>New United Motor Mfg., Inc.</b>	<b>eMeter Corporation</b>
<b>Defense Energy Support Center</b>	<b>Norris &amp; Wong Associates</b>	
<b>Department of Water Resources</b>	<b>North Coast SolarResources</b>	