

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 1, 2009

Advice Letter 3554-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 3554-E is effective November 4, 2009.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



November 4, 2009

Advice 3554-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. On June 30, 2009, PG&E filed Advice 3486-E, Non-Routine True-Up Mechanism Advice Filing for Dedicated Rate Component Series 1 and Series 2 Charge, which resulted in rate adjustments for both series effective October 1, 2009.

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, 2009, in accordance with D.04-11-015, to adjust the DRC Charges for non-exempt consumers effective January 1, 2010.

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, 2009**, 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: jnj@cpuc.ca.gov and 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, 2009**.

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 to the General Order 96-B service list and all electronic approvals should be directed to email PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in black ink that reads "Brian Cherry" followed by a small mark that looks like "08".

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: Olivia Brown

Phone #: 415.973.9312

E-mail: oxb4@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) #: 3554-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? No If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? No

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: N/A

Resolution Required? Yes No

Requested effective date: November 4, 2009

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). N/A

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**

Alcantar & Kahl	Defense Energy Support Center	North Coast SolarResources
Ameresco	Department of Water Resources	Northern California Power Association
Anderson & Poole	Department of the Army	Occidental Energy Marketing, Inc.
Arizona Public Service Company	Dept of General Services	OnGrid Solar
BART	Division of Business Advisory Services	Praxair
BP Energy Company	Douglas & Liddell	R. W. Beck & Associates
Barkovich & Yap, Inc.	Douglass & Liddell	RCS, Inc.
Bartle Wells Associates	Downey & Brand	Recon Research
C & H Sugar Co.	Duke Energy	SCD Energy Solutions
CA Bldg Industry Association	Dutcher, John	SCE
CAISO	Ellison Schneider & Harris LLP	SMUD
CLECA Law Office	FPL Energy Project Management, Inc.	SPURR
CSC Energy Services	Foster Farms	Santa Fe Jets
California Cotton Ginners & Growers Assn	G. A. Krause & Assoc.	Seattle City Light
California Energy Commission	GLJ Publications	Sempra Utilities
California League of Food Processors	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sierra Pacific Power Company
California Public Utilities Commission	Green Power Institute	Silicon Valley Power
Calpine	Hanna & Morton	Silo Energy LLC
Cameron McKenna	Hitachi	Southern California Edison Company
Cardinal Cogen	International Power Technology	Sunshine Design
Casner, Steve	Intestate Gas Services, Inc.	Sutherland, Asbill & Brennan
Chamberlain, Eric	Los Angeles Dept of Water & Power	Tabors Caramanis & Associates
Chevron Company	Luce, Forward, Hamilton & Scripps LLP	Tecogen, Inc.
Chris, King	MBMC, Inc.	Tiger Natural Gas, Inc.
City of Glendale	MRW & Associates	Tioga Energy
City of Palo Alto	Manatt Phelps Phillips	TransCanada
Clean Energy Fuels	Matthew V. Brady & Associates	Turlock Irrigation District
Coast Economic Consulting	McKenzie & Associates	U S Borax, Inc.
Commerce Energy	Merced Irrigation District	United Cogen
Commercial Energy	Mirant	Utility Cost Management
Consumer Federation of California	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	Morrison & Foerster	Wellhead Electric Company
Day Carter Murphy	New United Motor Mfg., Inc.	Western Manufactured Housing Communities Association (WMA)
	Norris & Wong Associates	eMeter Corporation