

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 15, 2010

Advice Letter 3619-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: Approval of PG&E's Investment Management Agreement for
the Qualified Nuclear Decommissioning Trusts**

Dear Mr. Cherry:

Advice Letter 3619-E is effective March 22, 2010.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.7226

February 19, 2010

Advice 3619-E

Pacific Gas and Electric Company (U 39-M)

Public Utilities Commission of the State of California

Subject: Approval of PG&E's Investment Management Agreement for the Qualified Nuclear Decommissioning Trusts

Purpose

Pacific Gas & Electric Company ("PG&E") hereby submits for approval to the California Public Utilities Commission ("CPUC" or "the Commission") the Investment Management Agreement with RhumbLine Advisers Limited Partnership ("RhumbLine Advisers"), a minority-owned business, pursuant to Decision (D.) 95-07-055.

Background

In response to Commission D.87-05-062 and Resolution E-3048, PG&E negotiated with the Commission staff and the Trustee of its decommissioning trusts to develop trust agreements for its nuclear decommissioning costs in accordance with guidelines set forth in that Decision. Two trust agreements were required, one for the decommissioning funds which qualify for an income tax deduction under Section 468A of the Internal Revenue Code (Qualified Trust) and one for the remaining funds (Non-Qualified Trust). The two agreements are collectively referred to herein as the "Trusts."

On November 25, 1987, PG&E's trust agreements were approved by the Commission in Resolution E-3048 providing for the establishment of the Nuclear Facilities Decommissioning Master Trust Committee ("Committee") consisting of five members, at least three of whom cannot be affiliated with PG&E. Pursuant to Sections 3.04 and 5.01 of the trust agreements and subject to Commission approval of the investment management agreements, the Committee is authorized to appoint one more investment managers to direct the investments of all or part of the trust assets. By this filing, PG&E is requesting Commission approval of an Investment Management Agreement with RhumbLine Advisers Limited Partnership, a minority-owned business, for the Qualified Trust. This proposed Investment Management Agreement is substantially the same as agreements with

other investment managers that have been previously approved by the Commission.

In D.95-07-055, dated July 24, 1995, the Commission concluded that no more than 50 percent of Qualified Trust funds should be invested in equities. Subsequently, in D.07-01-003 dated January 11, 2007, the Commission increased this limit to 60 percent. PG&E requests Commission approval of the Investment Management Agreement with RhumbLine Advisers so that the Qualified Trusts may be invested within levels specified by the Commission.

This filing will not increase any rates or charges, conflict with any schedules or rules, nor cause withdrawal of service.

Confidential Attachment 1

In support of this Advice Letter, PG&E submits the following confidential attachment:

Investment Management Agreement with RhumbLine Advisers

This agreement contains market sensitive information on investment management fees that, if disclosed, could negatively impact PG&E's future contract negotiations. Therefore, in accordance with CPUC General Order 96-B, Section 9.3, "Confidential Treatment," PG&E is requesting confidential treatment for Attachment 1, which will be provided to the Energy Division with this Advice Letter. All other parties on the service list will be served the Advice Letter only.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **March 11, 2010**, which is 20 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, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, 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.

Pacific Gas and Electric Company
Attention: Brian Cherry
Vice President, Regulatory Relations
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 be approved with the effective date of **March 22, 2010**, which is 31 days after date of filing.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter, excluding the confidential attachment, is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for A.09-04-007. Address changes and electronic approvals should be directed to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



Brian K. Cherry
Vice President - Regulatory Relations

Attachment – Confidential Attachment 1

cc w/o att.: Service List for A.09-04-007

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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3619-E**

Tier: **2**

Subject of AL: **Approval of PG&E's Investment Management Agreement for the Qualified Nuclear Decommissioning Trusts**

Keywords (choose from CPUC listing): Agreements

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.87-05-062, D.95-07-055, Res. E-3048

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 AL¹: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

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: **March 22, 2010**

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 proposed¹: N/A

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