September 16, 2004

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

Subject: Fixed transition amount charge true-up mechanism

Dear Ms Smith:

Advice Letter 2545-E is effective August 19, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

[Signature]

Paul Clanon, Director
Energy Division
August 19, 2004

Advice 2545-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.

**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 had 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 had 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 was no default under the Indenture with respect to the RRBs.

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.

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

Table I shows the RRB principal balance and the balances in the Collection Account subaccounts immediately following distributions made on June 25, 2004. 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 2449-E, filed on December 15, 2003, effective January 1, 2004.

<table>
<thead>
<tr>
<th>TABLE 1</th>
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<tbody>
<tr>
<td><strong>RRB Principal Balance and Collection Account Subaccount Balances</strong></td>
</tr>
<tr>
<td>Scheduled RRB Principal Balance</td>
</tr>
<tr>
<td>RRB Principal Balance</td>
</tr>
<tr>
<td>Reserve Subaccount Balance</td>
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<tr>
<td>Required Overcollateralization Level</td>
</tr>
<tr>
<td>Overcollateralization Subaccount Balance</td>
</tr>
<tr>
<td>Required Capital Level</td>
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<tr>
<td>Capital Subaccount Balance</td>
</tr>
</tbody>
</table>

The Company will file a year-end true-up advice letter on or before December 17, 2004, in accordance with D. 97-09-055, to adjust the Fixed Transition Amount set forth in electric Preliminary Statement Part AS, effective January 1, 2005.

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, 2004.
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 Rose de la Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

http://www.pge.com/tariffs

Brian K. cherry

Director - Regulatory Relations

Attachments

cc:  Paul Clanon, Energy Division
     Regina Birdsell, Office of Ratepayer Advocates
     Wade McCartney, Energy Division
PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
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Avista Corp
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C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California Gas Acquisition Svcs
California ISO
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Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
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CLECA Law Office
Constellation New Energy
CPUC
Creative Technology
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright Tremaine LLP
Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
Dept of the Air Force
DGS Natural Gas Services
DMM Customer Services
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Enron Energy Services
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
GLJ Energy Publications
Goodin, MacBride, Squier, Schlotz & Grueneich Resource Advocates
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Luce, Forward, Hamilton & Scripps
Marcus, David
Masonite Corporation
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
Navigant Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
Provost Pritchard
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Simpson Paper Company
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramantis & Associates
Tansev and Associates
Tacogenc, Inc
TFS Energy
TJ Cross Engineers
Transwestern Pipeline Co
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc.
URM Groups
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Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA