

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



April 19, 2006

Advice Letter 2802-E

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

Subject: Amending Nuclear Facilities Nonqualified and Qualified CPUC Decommissioning
Master Trust Agreements

Dear Ms de la Torre:

Advice Letter 2802-E is effective April 23, 2006. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S H Gallagher".

Sean H. Gallagher
Director
Energy Division

REGULATORY RELATIONS	
Tariffs Section	
M Brown	D Poster
R Dela Torre	S Ramaiya
B Lam	
APR 26 2006	
Records _____	
Return to _____	File _____
cc to _____	

Brian K. Cherry
Director
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

415.973.4977
Internal: 223.4877
Fax: 415.973.9572
Internet: BKC7@pge.com

March 24, 2006

ADVICE 2802-E

Public Utilities Commission of the State of California

Subject: Amending Nuclear Facilities Nonqualified and Qualified CPUC Decommissioning Master Trust Agreements

Purpose

Pacific Gas and Electric Company (“PG&E”), hereby submits for approval by the California Public Utilities Commission (the “Commission” or “CPUC”) the following amendments:

- Amendment No. 5¹ to the Pacific Gas and Electric Company Nuclear Facilities Nonqualified CPUC Decommissioning Master Trust (Nonqualified Trust) Agreement
- Amendment No. 8² to the Pacific Gas and Electric Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust (Qualified Trust) Agreement
- Updated Annualized Trustee Fee Schedule, effective January 1, 2006 (Annualized Trustee Fee Schedule)³ for both trusts

Background

In response to D.87-05-062, PG&E established two trust agreements for its nuclear decommissioning costs falling under Commission jurisdiction. One trust agreement was established as the vehicle to hold the decommissioning funds for

¹ Refer to Attachment 1: “Amendment No. 5 to Pacific Gas and Electric Company Nuclear Facilities Nonqualified CPUC Decommissioning Master Trust Agreement for the Diablo Canyon Nuclear Generating Station and Humboldt Bay Nuclear Unit No. 3.”

² Refer to Attachment 2: “Amendment No. 8 to Pacific Gas and Electric Company Nuclear Facilities Qualified CPUC Decommissioning Master Trust Agreement for the Diablo Canyon Nuclear Generating Station and Humboldt Bay Nuclear Unit No. 3.”

³ Refer to Attachment 3: “Schedule A: Pacific Gas and Electric Corporation Nuclear Decommissioning Trusts: Annualized Fee Schedule, Effective January 1, 2006.”

contributions that qualify for an income tax deduction under Section 468A of the Internal Revenue Code (Qualified Trust) and the other was designed to hold the remaining funds (Nonqualified Trust).

On November 25, 1987, the Company's trust agreements were approved by the Commission⁴ 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 employees, officers, directors, or agents of the Company.

Pursuant to Section 3.05 of the trust agreements, at least once every three years the Committee must conduct an evaluation of at least three firms which could potentially replace the current Trustee and/or Investment Manager(s). In its meeting on August 23, 2005, the Committee evaluated the merits of Mellon Trust and alternative trustees. The Committee concluded its discussion by voting unanimously to confirm the retention of Mellon Trust as trustee for the Pacific Gas and Electric Company Nuclear Facilities Decommissioning Master Trusts, which would reduce Mellon's nuclear decommissioning trust fees. Mellon has revised the Annualized Trustee Fee Schedule accordingly.

Pursuant to Section 2.12 of the Qualified Trust agreement and Section 2.10 of the Nonqualified Trust agreement, the Committee may amend the trust agreements thirty days after filing a copy of the proposed amendment with the CPUC. The Commission has set forth its limitations on the nuclear utilities' trust funds in a series of decisions. Ordering Paragraph 6 of D.95-07-055 provides for the agreements to be approved through the Commission advice letter process. Sections 2.12 and 2.10 of the Qualified and Nonqualified Trust agreements, respectively, require Commission approval of amendments to the Trust Agreements. PG&E requests the CPUC to approve certain changes to the Nuclear Facilities Qualified and Nonqualified Master Trust Agreements, and the Annualized Trustee Fee Schedule, as set forth in Attachments 1 – 3 hereto. These changes would allow for a reduction in trustee fees, incorporated into the Annualized Trustee Fee Schedule for both trusts.

By this advice letter filing, PG&E is hereby requesting Commission approval of the proposed amendments to the Trust Agreements, as provided in Attachments 1, 2, and 3.

This filing will not increase any other rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

Protests

Pursuant to Section 2.12 of the Trust Agreement approved by Resolution E-3084,

⁴ See Resolution No. E-3048, November 25, 1987.

anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or electronically, any of which must be received no later than **31** days after the date of this filing, which is April 24 2006⁵. 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: jjr@cpuc.ca.gov and 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 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
Director, 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

The Company requests that this filing become effective on **April 23, 2006**, which is 30 calendar days after the date of filing.

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>

⁵ The 30 day protest period falls on a Sunday. The protest date is moved forward to the following business day.



Brian Amy /DP

Director – Regulatory Relations

Attachments 1-3

cc: Service List – GO 96-A
Service List – A.05-11-009
Surfrider Foundation

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 U39M

Utility type: ELC GAS
 PLC HEAT WATER

Contact Person: David Poster
Phone #: (415) 973-1082
E-mail: dxpu@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) #: **2802-E**

Subject of AL: Amending Nuclear Facilities Nonqualified and Qualified CPUC Decommissioning Master Trust Agreements

Keywords (choose from CPUC listing): Nuclear

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: Resolution E-3048

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: **4-23-2006**

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: N/A

Pending advice letters that revise the same tariff sheets:

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
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jjr@cpuc.ca.gov and inj@cpuc.ca.gov

Utility Info (including e-mail)
Attn: Brian K. Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

Attachment 1

Amendment No. 5 to Pacific Gas and Electric Company Nuclear Facilities
Nonqualified CPUC Decommissioning Master Trust Agreement for the Diablo
Canyon Generating Station and Humboldt Bay Nuclear Unit No. 3

AMENDMENT NO. 5
TO
PACIFIC GAS AND ELECTRIC COMPANY
NUCLEAR FACILITIES NONQUALIFIED CPUC DECOMMISSIONING
MASTER TRUST AGREEMENT
FOR
THE DIABLO CANYON NUCLEAR GENERATING STATION
AND HUMBOLDT BAY NUCLEAR UNIT NO. 3

This Amendment No. 5 made this _____ day of _____, 2006 by and between Pacific Gas and Electric Company ("Company") and Mellon Bank, N.A., a national banking association ("Trustee").

WHEREAS, under the Nuclear Facilities Nonqualified Decommissioning Master Trust Agreement For The Diablo Canyon Nuclear Generating Station and Humboldt Bay Nuclear Unit No. 3 dated October 1, 1990 ("Agreement"), the Company amended and restated the original agreement and appointed Mellon Bank, N.A. as replacement trustee and amended the Agreement by Amendment No. 1 dated February 2, 1994, by Amendment No. 2 dated March 20, 2000, by Amendment No. 3 effective December 23, 2003, and by Amendment No. 4 dated April 21, 2004.

WHEREAS, pursuant to Section 2.10 of the Agreement, the Agreement may be amended by the Committee (as defined in the Agreement) thirty days after filing a copy of the proposed amendment with the CPUC;

WHEREAS, the Committee approved by resolution the proposed amendments set forth herein.

NOW, THEREFORE, the Company and the Trustee agree as follows:

1. The representations set forth above are incorporated herein by this reference thereto.
2. The Agreement shall be amended by restating the Fee Schedule set forth in Amendment No. 2 as set out in Attached Schedule A.
3. Each Party hereby represents and warrants to the others that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind that Party.

IN WITNESS WHEREOF, the Company and the Trustee have set their hands and seals in agreement to these Amendments effective as provided above.

PACIFIC GAS AND ELECTRIC COMPANY

By: _____
Senior Vice President and Chief Financial Officer

Date: _____

Attest: _____
Assistant Corporate Secretary

MELLON BANK, N.A.

By: _____

Date: _____

Attest: _____

Attachment 2

Amendment No. 8 to Pacific Gas and Electric Company Nuclear Facilities
Qualified CPUC Decommissioning Master Trust Agreement for the Diablo
Canyon Generating Station and Humboldt Bay Nuclear Unit No. 3

AMENDMENT NO. 8
TO
PACIFIC GAS AND ELECTRIC COMPANY
NUCLEAR FACILITIES QUALIFIED CPUC DECOMMISSIONING
MASTER TRUST AGREEMENT
FOR
THE DIABLO CANYON NUCLEAR GENERATING STATION
AND HUMBOLDT BAY NUCLEAR UNIT NO. 3

This Amendment No. 8 dated the _____ day of _____ 2006 by and between Pacific Gas and Electric Company ("Company") and Mellon Bank, N.A., a national banking association ("Trustee").

WHEREAS, under the Nuclear Facilities Qualified Decommissioning Master Trust Agreement For The Diablo Canyon Nuclear Generating Station and Humboldt Bay Nuclear Unit No. 3 dated October 1, 1990 ("Agreement"), the Company amended and restated the original agreement and appointed Mellon Bank, N.A. as replacement trustee, and further amended the Agreement by Amendment No. 1 dated February 2, 1994, Amendment No. 2 dated December 31, 1994, Amendment No. 3 dated September 21, 1995, Amendment No. 4 dated December 5, 1996, Amendment No. 5 dated March 20, 2000, Amendment No. 6 effective December 23, 2003, and by Amendment No. 7 dated April 21, 2004.

WHEREAS, pursuant to Section 2.12 of the Agreement, the Agreement may be amended by the Committee (as defined in the Agreement) thirty days after filing a copy of the proposed amendment with the CPUC; and

WHEREAS, the Committee approved by resolution the proposed amendments set forth herein.

NOW, THEREFORE, the Company and the Trustee agree as follows:

1. The representations set forth above are incorporated herein by this reference thereto.
2. The Agreement shall be amended by restating the Fee Schedule set forth in Amendment No. 5 as set out in Attached Schedule A.
3. Each Party hereby represents and warrants to the others that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind that Party.

IN WITNESS WHEREOF, the Company and the Trustee have set their hands and seals in agreement to these Amendments effective as provided above.

PACIFIC GAS AND ELECTRIC COMPANY

By: _____
Senior Vice President and Chief Financial Officer

Date: _____

Attest: _____
Assistant Corporate Secretary

MELLON BANK, N.A.

By: _____

Date: _____

Attest: _____

Attachment 3

Schedule A: Pacific Gas and Electric Corporation Nuclear Decommissioning Trusts
Mellon Global Securities Services
Annualized Fee Schedule, Effective January 1, 2006

Pacific Gas and Electric Corporation Nuclear Decommissioning Trusts

Annualized Fee Schedule

Mellon Global Securities Services



Effective January 1, 2006
Page 1

I. Structural Charges

Waived Portfolio Charges

II. Asset Based Charges

A. US Securities (Net Asset Value)

.50 basis points on all assets under Custody and Administration
(excluding line item or passive portfolios)

B. International Securities (Net Asset Value)

1.00 basis points on United Kingdom, Germany, France and Japan
2.00 basis points on active Developed Markets- Tier 1
3.50 basis points on active Developed Markets- Tier 2
5.00 basis points on active Developed Markets- Tier 3
20.00 basis points on active Intermediate Markets – Tier 4
40.00 basis points on active Intermediate Markets – Tier 5
50.00 basis points on active Emerging Markets – Tier 6

III. Transaction Charges

A. Domestic

\$5 per book entry transaction (DTC, PTC, FED)
\$25 per physical buy and sale transaction
\$5 per futures buy or sale transaction
\$10 per outgoing Fed wire transfer (including margin variation wires)
\$25 per options sold
\$25 per options round trip for options written
N/C per each buy/sale of mutual fund, commingled or LP
N/C free receipts and deliveries
\$10 per each fee or vendor payment by check plus postage

III. Transaction Charges (continued)

B. International

\$8	per United Kingdom, Germany, France and Japan transaction
\$10	per Developed Market transaction - Tier 1
\$15	per Developed Market transaction - Tier 2
\$20	per Developed Market transaction - Tier 3
\$30	per Intermediate Market transaction - Tier 4
\$40	per Intermediate Markets transaction - Tier 5
\$70	per Intermediate Markets transaction - Tier 6
\$30	per each 3 rd party foreign exchange

Countries within each Market Tier include the following:

Global Developed Markets:

- Tier 1: Canada, CEDEL, Euroclear, Italy, Netherlands, New Zealand, Spain, Sweden, Switzerland
- Tier 2: Australia, Belgium, Finland, Ireland, Luxembourg, Mexico, Norway, South Africa
- Tier 3: Argentina, Austria, Brazil, Denmark, Hong Kong, Malaysia, Portugal, Singapore, South Korea, Sri Lanka, Thailand, Turkey

Global Intermediate Markets:

- Tier 4: Czech Republic, Greece, Hungary, Indonesia, Israel, Peru, Taiwan, Zimbabwe
- Tier 5: Bangladesh, Bermuda, Botswana, Ghana, Kenya, Mauritius, Pakistan, Philippines, Poland, Slovak Republic, Uruguay

Global Emerging Markets:

- Tier 6: Cayman Islands, Chile, China – Shanghai, China – Shenzhen, Columbia, Croatia, Cyprus, Egypt, Ecuador, India, Jamaica, Jordan, Morocco, Namibia, Russia, Tunisia, Venezuela, Zambia
- Tier 7: To be determined if necessary.

IV. Mellon Analytical Solutions Products & Services

See Attachment A

V. Information Delivery

Specialized & Custom Reporting

Custom report charge's calculated per request

Workbench - Client Reporting for Accounting

N/C	first user
N/C	2 – 30 additional users

VI. Global Securities Lending

100/ 0	Split on the first \$1.5 million of gross earnings
60/ 40	Split on the next \$1.5 million
80/ 20	Thereafter

VII. Miscellaneous

- Mellon Bank, N.A. ("Mellon") will pass through to PG&E any out-of-pocket expenses including, but not limited to, postage, courier expense, registration fees, stamp duties, telex charges, custom reporting or custom programming, internal/external tax, legal or consulting costs, client specific custom vendor fees and proxy voting expenses. Additionally, Mellon will charge an administration fee equal to 10% of the total of out of pocket expenses.
- Mellon reserves the right to amend its fees if the service requirements change in a way that materially affects our responsibilities or costs. Support of other derivative investment strategies or special-processing requirements (e.g. external cash sweep, etc.) may result in additional fees.
- All costs related to the conversion have been waived.
- A payment of approximately 1/12th of the estimated annual fees will be paid monthly via an electronic debit with a quarterly true-up to actual fees incurred. Additional amounts due (or overpayments to be refunded) will be payable within 30 days. Fees not paid within 60 days of the date of the invoice date will be subject to a late charge of 1.5% per month of the amount billed.
- Mellon will file class action Proof of Claims on behalf of PG&E. An amount equal to 2% of the proceeds with a cap of \$100,000 per class action regardless of the number of participating accounts at the time the proceeds are credited.

VII. Miscellaneous (continued)

- This Fee Schedule assumes that Mellon acts as custodian and lending agent for the Retirement Plan, NDT's, VEBA's, LTD's and Life Insurance Trusts
- Mellon will provide an Invoice Processing Service whereby Mellon will validate, pay and track vendor invoices. Invoices processed will include but not be limited to investment managers, legal, administration, actuarial, PBGC and consulting fees on behalf of PG&E.
- Mellon will generate a custom accounting report that will support PG&E in the creation of their annual Financial Reports by Deloitte & Touche. Information on pages 2, 3, 9, 10, 11, 13, 14 and 15 of the Financial Report will be provided by Mellon.
- There will be a charge of \$165.00 per hour for Tax Reporting Services performed by Mellon.
- These fees are guaranteed for 3 years.

Pacific Gas and Electric Corporation
Peter Corippo
Director of Investments & Benefit Finance

Mellon Bank, N.A.
Michael D. Ferguson
Vice President

Date : _____

Date: _____

Attachment A

The annual charge for the following Mellon Analytical Solutions products & services will be a combined \$350,000 and allocated on a pro-rata basis:

Performance - Per Quarter

- \$ 187.50 per each performance calculation with Flash per portfolio
- \$ 62.50 per each net of fee calculation
- \$ 62.50 per each after tax calculation per actual portfolio
- \$ 62.50 per each after tax calculation per income only portfolio
- \$ 62.50 per each after tax calculation per liquidating portfolio
- \$ 187.50 per composite

Return Comparison - Per Quarter

- \$ 112.50 per active portfolio

Profiles - Per Quarter

- \$ 125.00 per each US equity profile
- \$ 313.00 per each International equity profile
- \$ 675.00 per each fixed Income profile

Performance Attribution - Per Quarter

- \$ 675.00 per portfolio
- \$1,000.00 total fund

Investment Monitor

\$11,250 per year

eReporting, Generators and Web CR

\$2,500.00 per year

**** Other ala Carte services quotes provided upon request.**

PG&E Corporation

Date : _____

Mellon Bank, N.A.

Date: _____

PG&E Gas and Electric Advice

Filing List

General Order 96-A, Section III(G)

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