September 12, 2006

Advice Letter 2886-E

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 de la Torre:

Advice Letters 2886-E is effective August 18, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division
Advice 2886-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

Table I shows the RRB principal balance and the balances in the Collection Account subaccounts immediately following distributions made on June 25, 2006. 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 2746-E, filed on December 9, 2005, effective January 1, 2006.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled RRB Principal Balance</td>
<td>$438,832,155.00</td>
</tr>
<tr>
<td>RRB Principal Balance</td>
<td>$438,832,155.00</td>
</tr>
<tr>
<td>Reserve Subaccount Balance</td>
<td>$40,901,490.58</td>
</tr>
<tr>
<td>Required Overcollateralization Level</td>
<td>$12,239,250.00</td>
</tr>
<tr>
<td>Overcollateralization Subaccount Balance</td>
<td>$12,239,250.00</td>
</tr>
<tr>
<td>Required Capital Level</td>
<td>$14,405,000.00</td>
</tr>
<tr>
<td>Capital Subaccount Balance</td>
<td>$14,405,000.00</td>
</tr>
</tbody>
</table>

The Company will file a year-end true-up advice letter on or before December 15, 2006, in accordance with D. 97-09-055, to adjust the Fixed Transition Amount set forth in electric Preliminary Statement Part AS, effective January 1, 2007.

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 18, 2006**.

### 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/
Vice President - Regulatory Relations

Attachments

cc: Sean Gallagher, Energy Division
    Regina Birdsell, Division of Ratepayer Advocates
    Wade McCartney, Energy Division
Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type: Contact Person: David Poster
☒ ELC ☒ GAS
☐ PLC ☐ HEAT ☐ WATER Phone#: (415) 973-1082

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

Advice Letter (AL) #: 2886-E
Subject of AL: Fixed Transition Amount Charge True-up Mechanism
Keywords (choose from CPUC listing): RRB Compliance
AL filing type: ☒ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.97-09-055

Does AL replace a withdrawn or rejected AL?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

Resolution Required? ☒ Yes ☐ No
Requested effective date: 8/18/2006 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

Pending advice letters that revise the same tariff sheets: N/A

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 Utility Info (including e-mail)
Attention: Tariff Unit
505 Van Ness Ave., San Francisco, CA 94102
jjr@cpuc.ca.gov and jnj@cpuc.ca.gov
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
Ancillary Services Coalition
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginters & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City

DGS Natural Gas Services
Douglass & Liddell
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
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlottz & Hanna & Morton
Heeg, Peggy A.
Hitachi Global Storage Technologies
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
IUCG/Sunshine Design LLC
J. R. Wood, Inc
JTM, Inc
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
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
OnGrid Solar
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Praxair, Inc.
Price, Roy
Product Development Dept
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
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc
TFS Energy
Transcanada
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA