November 30, 2006

Advice Letter 2926-E

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

Subject: Anniversary True-up Mechanism Advice Filing for Dedicated Rate Component (DRC) Series 2005-1 and 2005-2 Charges

Dear Ms. de la Torre:

Advice Letter 2926-E is effective November 03, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division
November 3, 2006

Advice 2926-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.

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, 2006, in accordance with D.04-11-015, to adjust the DRC Charges for non-exempt consumers effective January 1, 2007.

Protests

Anyone wishing to protest this filing may do so by sending a letter by November 27, 2006, which is 24 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, CA 94102

Facsimile: (415) 703-2200
E-mail: 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 should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company  
Attention: Brian Cherry  
Vice President, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177  

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

**Effective Date:**

PG&E requests that this advice filing become effective on **November 3, 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 to the General Order 96-A service list should be directed to Rose De La Torre at (415) 973-4716 (RxDd@pge.com). Advice letter filings can also be accessed electronically at:

http://www.pge.com/tariffs

Vice President - Regulatory Relations

**cc:**  
Sean Gallagher, Energy Division  
Dana Appling, Division of Ratepayer Advocates  
Wade McCartney, Energy Division
Company name/CPUC Utility No. Pacific Gas and Electric Company (ID U39)

Utility type:  
- ☑ ELC  ☑ GAS  
- □ PLC  □ HEAT  □ WATER  

Contact Person: Bernard Lam  
Phone #: (415) 973-4878  
E-mail: bxlc@pge.com

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

Advice Letter (AL) #: 2926-E
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 Filing
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?  If so, identify the prior AL: No
Summarize differences between the AL and the prior withdrawn or rejected AL: ____________________

Resolution Required?  □ Yes ☑ No
Requested effective date: November 3, 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: 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  
Tariff Files, Room 4005  
505 Van Ness Ave.,  
San Francisco, CA 94102

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

1 Discuss in AL if more space is needed.
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 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
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
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, Schlotz & 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.
MBMC, Inc.
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