

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**  
SEC Accession No. **0001041637-01-500027**

([HTML Version](#) on [secdatabase.com](#))

FILER

**PG&E FUNDING LLC**

CIK: **1041637** | IRS No.: **943274751** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **333-30715** | Film No.: **1697074**  
SIC: **6189** Asset-backed securities

Mailing Address  
77 BEALE ST  
SAN FRANCISCO CA 94105

Business Address  
77 BEALE ST. MAIL STOP B7A  
C/O PACIFIC GAS &  
ELECTRIC  
SAN FRANCISCO CA 94105  
4159725467

VIA EDGAR

August 3, 2001

United States Securities  
and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Re: Report on Form 10-Q of PG&E Funding LLC  
Commission File No. 333-30715  
-----

Ladies and Gentlemen,

On behalf of PG&E Funding LLC (the "Company"), enclosed is a Report on Form 10-Q for the period ended June 30, 2001. Because the Company meets the conditions set forth in General Instruction H 1(a) and (b) of Form 10-Q, the Company is filing this form with the reduced disclosure format.

Please direct any questions you may have regarding this filing to the undersigned at (415) 973-5389.

Sincerely yours,

Anthony Miller

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
-----

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended June 30, 2001

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE NUMBER 333-30715  
-----

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
SPECIAL PURPOSE TRUST PG&E-1  
-----  
(Issuer of the Certificates)

PG&E Funding LLC  
-----

(Exact name of Registrant as Specified in its Charter)

Delaware  
-----

94-3274751  
-----

245 Market Street, Room 424, San Francisco, California 94105

-----  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (415) 972-5467  
-----

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X]. No \_\_\_.

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H 1(A) AND (B) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

<TABLE>  
PG&E FUNDING LLC  
CONDENSED BALANCE SHEETS (IN THOUSANDS)  
<CAPTION>

|   | June 30,<br>2001 | December 31,<br>2000 |
|---|------------------|----------------------|
|   | -----            | -----                |
| <S>   | <C>              | <C>                  |
| <b>ASSETS</b>                                     |                  |                      |
| -----   |                  |                      |
| <b>CURRENT ASSETS:</b>                            |                  |                      |
| Cash and cash equivalents                         | \$ 12,734        | \$ 11,767            |
| Current portion of Transition Property receivable | 284,730          | 286,945              |
|   | -----            | -----                |
| TOTAL CURRENT ASSETS                              | 297,464          | 298,712              |
| <b>NONCURRENT ASSETS:</b>                         |                  |                      |
| Restricted funds                                  | 70,092           | 50,288               |
| Transition Property receivable                    | 1,566,012        | 1,721,672            |
| Unamortized debt issuance costs                   | 7,626            | 8,871                |
|   | -----            | -----                |
| TOTAL NONCURRENT ASSETS                           | 1,643,730        | 1,780,831            |
|   | -----            | -----                |
| TOTAL ASSETS                                      | \$1,941,194      | \$2,079,543          |
|   | =====            | =====                |
| <b>LIABILITIES AND MEMBER'S EQUITY</b>            |                  |                      |
| -----   |                  |                      |
| <b>CURRENT LIABILITIES:</b>                       |                  |                      |
| Accounts payable and accrued expenses             | \$ -             | \$ 2                 |
| Interest payable                                  | 2,013            | 2,479                |
| Current portion of long-term debt                 | 290,000          | 290,000              |
|   | -----            | -----                |
| TOTAL CURRENT LIABILITIES                         | 292,013          | 292,481              |

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| LONG-TERM DEBT                        | 1,599,773   | 1,740,522   |
|                                       | -----       | -----       |
| TOTAL LIABILITIES                     | 1,891,786   | 2,033,003   |
| MEMBER'S EQUITY                       | 49,408      | 46,540      |
|                                       | -----       | -----       |
| Commitments and Contingencies         | -           | -           |
| TOTAL LIABILITIES AND MEMBER'S EQUITY | \$1,941,194 | \$2,079,543 |
|                                       | =====       | =====       |

The accompanying Notes to Condensed Financial Statements are an integral part of this statement.  
</TABLE>

<TABLE>  
PG&E FUNDING LLC  
CONDENSED STATEMENTS OF INCOME AND CHANGES IN MEMBER'S EQUITY (IN THOUSANDS)

<CAPTION>

|  | Three months ended June 30, |          | Six months ended June 30, |          |
|--|-----------------------------|----------|---------------------------|----------|
|  | 2001                        | 2000     | 2001                      | 2000     |
|  | -----                       | -----    | -----                     | -----    |
| <S>  | <C>                         | <C>      | <C>                       | <C>      |
| INCOME                                     |                             |          |                           |          |
| -----                                      |                             |          |                           |          |
| Income from Transition Property receivable | \$32,687                    | \$38,142 | \$66,627                  | \$77,546 |
| Interest income                            | 1,370                       | 1,412    | 3,234                     | 2,694    |
|  | -----                       | -----    | -----                     | -----    |
| TOTAL INCOME                               | 34,057                      | 39,554   | 69,861                    | 80,240   |
| EXPENSES                                   |                             |          |                           |          |
| -----                                      |                             |          |                           |          |
| Interest expense                           | 31,784                      | 36,448   | 64,396                    | 74,042   |
| Servicing fees                             | 1,222                       | 1,404    | 2,491                     | 2,855    |
| Administrative and general                 | 47                          | 48       | 106                       | 92       |
|  | -----                       | -----    | -----                     | -----    |
| TOTAL EXPENSES                             | 33,053                      | 37,900   | 66,993                    | 76,989   |
|  | -----                       | -----    | -----                     | -----    |
| NET INCOME                                 | \$ 1,004                    | \$ 1,654 | \$ 2,868                  | \$ 3,251 |
| Member's equity - beginning of period      | 48,404                      | 41,260   | 46,540                    | 39,663   |
|  | -----                       | -----    | -----                     | -----    |
| MEMBER'S EQUITY AT END OF PERIOD           | \$49,408                    | \$42,914 | \$49,408                  | \$42,914 |
|  | =====                       | =====    | =====                     | =====    |

The accompanying Notes to Condensed Financial Statements are an integral part of this statement.  
</TABLE>

<TABLE>  
 PG&E FUNDING LLC  
 CONDENSED STATEMENT OF CASH FLOWS (IN THOUSANDS)

<CAPTION>

For the six months ended June 30,

<S>

NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on long-term debt  
 Net change in restricted funds

NET CASH USED IN FINANCING ACTIVITIES

NET CHANGE IN CASH AND CASH EQUIVALENTS  
 CASH AND CASH EQUIVALENTS AT JANUARY 1,

CASH AND CASH EQUIVALENTS AT JUNE 30,

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest

The accompanying Notes to Condensed Financial Statements are an integral part of this statement.

</TABLE>

Notes to Condensed Financial Statements

A. Basis of Presentation

This Quarterly Report on Form 10-Q includes the accounts of PG&E Funding LLC, a Delaware special purpose limited liability company, whose sole member is Pacific Gas and Electric Company, a provider of electric and natural gas services. Pacific Gas and Electric Company is a wholly-owned subsidiary of PG&E Corporation. Both Pacific Gas and Electric Company and PG&E Corporation are subject to the reporting requirements of the Securities Exchange Act of 1934. This quarterly report should be read in conjunction with PG&E Funding LLC's Financial Statements and Notes to the Financial Statements included in its 2000 Annual Report on Form 10-K.

PG&E Funding LLC was formed on July 1, 1997, in order to effect the issuance of notes (the "Notes") intended to support a ten percent electric rate reduction. This reduction, which became effective as of January 1, 1998, is provided to Pacific Gas and Electric Company's residential and small commercial electric customers in connection with the electric industry restructuring mandated by California Assembly Bill 1890, as amended by California Senate Bill 477 (electric restructuring legislation).

PG&E Funding LLC was organized for the limited purposes of issuing the Notes and purchasing Transition Property. Transition Property is the right to be paid a specified amount (presented in the financial statements as

|   | 2001      | 2000      |
|---|-----------|-----------|
|   | -----     | -----     |
|   | <C>       | <C>       |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$161,554 | \$145,229 |
|   | -----     | -----     |
| CASH FLOWS FROM FINANCING ACTIVITIES:     |           |           |
| Principal payments on long-term debt      | (140,783) | (139,242) |
| Net change in restricted funds            | ( 19,804) | ( 3,156)  |
|   | -----     | -----     |
| NET CASH USED IN FINANCING ACTIVITIES     | (160,587) | (142,398) |
|   | -----     | -----     |
| NET CHANGE IN CASH AND CASH EQUIVALENTS   | 967       | 2,831     |
| CASH AND CASH EQUIVALENTS AT JANUARY 1,   | 11,767    | 5,817     |
|   | -----     | -----     |
| CASH AND CASH EQUIVALENTS AT JUNE 30,     | \$12,734  | \$8,648   |
|   | =====     | =====     |

|  |          |          |
|--|----------|----------|
|  | \$63,583 | \$72,544 |
|--|----------|----------|

"Transition Property receivable") from a nonbypassable charge payable by residential and small commercial electric customers. The nonbypassable charge was authorized by the California Public Utilities Commission ("CPUC") pursuant to the electric restructuring legislation. PG&E Funding LLC issued the Notes in December 1997.

PG&E Funding LLC is restricted by its organizational documents from engaging in any other activities. In addition, PG&E Funding LLC's organizational documents require it to operate in such a manner that it should not be consolidated into the bankruptcy estate of Pacific Gas and Electric Company. PG&E Funding LLC is legally separate from Pacific Gas and Electric Company. The assets of PG&E Funding LLC are not available to creditors of Pacific Gas and Electric Company or PG&E Corporation, and the Transition Property is legally not an asset of Pacific Gas and Electric Company or PG&E Corporation. PG&E Funding LLC is expected to terminate after final maturity of the Notes on December 26, 2007.

On April 6, 2001, Pacific Gas and Electric Company, the servicer of the Transition Property (the "Servicer"), filed a bankruptcy petition under Chapter 11 of the United States Bankruptcy Code. PG&E Funding LLC does not expect payments on the Certificates (as defined below) to be affected by the filing. The Servicer has informed PG&E Funding LLC that, despite the bankruptcy filing, it will continue to perform all duties as servicer, including remitting daily all amounts paid by ratepayers with respect to the Certificates to the trustee.

On April 11, 2001 Bankers Trust of California, N.A. (the "Trustee") informed noteholders that, pursuant to Section 7.01(d) of the Servicing Agreement, a servicer default had occurred as a result of the commencement of bankruptcy proceedings. The Trustee indicated that it did not intend to pursue any remedies without the written request of the requisite number of noteholders.

PG&E Funding LLC believes that the accompanying statements reflect all adjustments that are necessary to present a fair statement of the financial position and results of operations for the interim periods. All material adjustments are of a normal recurring nature unless otherwise disclosed in this Form 10-Q. Results of operations for interim periods are not necessarily indicative of results to be expected for a full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of revenues, expenses, assets, and liabilities and the disclosure of contingencies. Actual results could differ from these estimates.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following analysis of the results of operations of PG&E Funding LLC is in an abbreviated format pursuant to Instruction H of Form 10-Q. Such analysis should be read in conjunction with the Condensed Financial Statements included herein and the Financial Statements and Notes to the Financial Statements included in PG&E Funding LLC's Annual Report on Form 10-K for the year ended December 31, 2000.

PG&E Funding LLC is a special purpose, single member limited liability company organized in July 1997 for the limited purposes of holding and servicing the Transition Property (as described below), issuing notes secured primarily by the Transition Property and performing related activities. Pacific Gas and Electric Company, as the sole member of PG&E Funding LLC, owns all of the equity securities of PG&E Funding LLC. PG&E Funding LLC's organizational documents require it to operate in a manner such that it should not be consolidated in the bankruptcy estate of Pacific Gas and Electric Company.

In December 1997, PG&E Funding LLC acquired Transition Property from Pacific Gas and Electric Company and issued \$2,901,000,000 in principal amount of the PG&E Funding LLC Notes, Series 1997-1, Class A-1 through Class A-8 (the "Notes"), with scheduled maturities ranging from ten months to ten years and final maturities ranging from two to eleven years. The Notes were issued

pursuant to an Indenture dated December 8, 1997 between PG&E Funding LLC and Bankers Trust Company of California, N.A., as trustee (the "Indenture"). PG&E Funding LLC sold the Notes to the California Infrastructure and Economic Development Bank Special Purpose Trust PG&E-1, a Delaware business trust (the "Trust"), which issued certificates corresponding to each class of Notes (the "Certificates") in a public offering. PG&E Funding LLC entered into a servicing agreement (the "Servicing Agreement") with Pacific Gas and Electric Company pursuant to which Pacific Gas and Electric Company is required to service the Transition Property on behalf of PG&E Funding LLC.

The California Public Utilities Code (the "PU Code") provides for the creation of "Transition Property." A financing order dated September 3, 1997 (the "Financing Order") issued by the CPUC, together with the related Issuance Advice Letter, establishes, among other things, separate nonbypassable charges (the "FTA Charges") payable by residential electric customers and small commercial electric customers in an aggregate amount sufficient to repay in full the Certificates, fund the Overcollateralization Subaccount established under the Indenture, and pay all related costs and fees. Under the PU Code and the Financing Order, the owner of Transition Property is entitled to collect FTA Charges until such owner has received amounts sufficient to retire all outstanding series of Certificates and cover related fees and expenses and the Overcollateralization amount described in the Financing Order.

In order to enhance the likelihood that actual collections with respect to the Transition Property are neither more nor less than the amount necessary to amortize the Notes in accordance with their expected amortization schedules, pay all related fees and expenses, and fund certain accounts established pursuant to the Indenture as required, the Servicing Agreement requires Pacific Gas and Electric Company, as the Servicer of the Transition Property, to seek, and the Financing Order and the PU Code require the CPUC to approve, periodic adjustments to the FTA Charges. Such adjustments will be based on actual collections and updated assumptions by the Servicer as to future usage of electricity by specified customers, future expenses relating to the Transition Property, the Notes and the Certificates, and the rate of delinquencies and write-offs. The Servicer filed an advice letter with the CPUC, advising them of a decrease to the FTA Charge for residential and small commercial customers effective January 1, 2001.

PG&E Funding LLC uses collections of the Transition Property receivable to make scheduled principal and interest payments on the Notes. Income earned on the Transition Property receivable is expected to offset (1) interest expense on the Notes, (2) amortization of debt issuance costs and the discount on the Notes and (3) the fees charged by Pacific Gas and Electric Company for servicing the Transition Property and providing administrative services to the Note Issuer.

On January 4, 2001, Standard and Poor's lowered the short-term credit rating of the Servicer to A-3, and on January 5, 2001, Moody's Investor Services Inc. lowered the short-term credit rating of the Servicer to P-3. In accordance with section 6.11(b) of the Transition Property Servicing Agreement, on January 8, 2001 the Servicer began remitting collections to the trustee on a daily basis. Previously the Servicer remitted payments monthly.

On April 6, 2001, the Servicer of the Transition Property filed a bankruptcy petition under Chapter 11 of the United States Bankruptcy Code. The Note Issuer does not expect payments on the Certificates to be affected by the filing. The Servicer has informed the Note Issuer that, despite the bankruptcy filing, it will continue to perform all duties as servicer, including remitting daily all amounts paid by ratepayers with respect to the Certificates to the trustee.

On April 11, 2001 Bankers Trust of California, N.A. (the "Trustee") informed noteholders that, pursuant to Section 7.01(d) of the Servicing Agreement, a servicer default had occurred as a result of the commencement of bankruptcy proceedings. The Trustee indicated that it did not intend to pursue any remedies without the written request of the requisite number of noteholders.

Income generated from the Transition Property receivable for the three and six month periods ended June 30, 2001 was approximately \$32,687,000 and \$66,627,000, respectively, and for the three and six month periods ended June 30, 2000 was approximately \$38,142,000 and \$77,546,000, respectively. The decrease reflects the declining Transition Property receivable balance. During

the three months ended June 30, 2001 and 2000, PG&E Funding LLC earned interest income from other investments of approximately \$1,370,000 and \$1,412,000, respectively, and had interest expense of approximately \$31,784,000 and \$36,448,000, respectively. During the six month periods ended June 30, 2001 and 2000, PG&E Funding LLC earned interest income from other investments of approximately \$3,234,000 and \$2,694,000, respectively, and had interest expense of approximately \$64,396,000 and \$74,042,000, respectively. The interest expense is comprised of interest on the Notes, and amortization of the Note discount and issuance costs. The decrease in interest expense is due to the declining balance of the Notes. PG&E Funding LLC also incurred servicing fees of approximately \$1,222,000 and \$1,404,000, and trustee, administrative, and general fees of approximately \$47,000 and \$48,000 for the three month periods ended June 30, 2001 and 2000, respectively. For the six month periods ended June 30, 2001 and 2000, PG&E Funding LLC incurred servicing fees of approximately \$2,491,000 and \$2,855,000, and trustee, administrative, and general fees of approximately \$106,000 and \$92,000, respectively.

For the three month periods ended June 30, 2001 and 2000, collections of FTA Charges were approximately \$87,494,000 and \$104,346,000, respectively. This brought year-to-date collections as of June 30, 2001 and 2000 to approximately \$224,501,000 and \$218,030,000, respectively. Collections increased due to the change from monthly to daily remittances discussed above. This increase was mostly offset by decreases due to the lower FTA Charge that took effect January 1, 2001. Principal and interest payments on the Notes were approximately \$204,366,000 and \$211,786,000, for the six month periods ended June 30, 2001 and 2000, respectively. The Note Issuer expects future collections of FTA Charges and reserves to be sufficient to cover scheduled principal and interest payments on the Notes, and to cover related expenses.

Forward-looking Information:

-----  
This Quarterly Report on Form 10-Q, including the preceding discussion of financial condition and results of operations, and elsewhere, contains forward looking statements that involve risks and uncertainties. These statements are based on the beliefs and assumptions of management and on information currently available to management. Words such as "estimates", "expects", "anticipates", "plans", "believes", and similar expressions identify forward looking statements involving risks and uncertainties. Actual results or outcomes could differ materially.

PART II

OTHER INFORMATION

ITEM 5. OTHER INFORMATION.

The Quarterly Servicer's Certificate dated June 25, 2001 attached as Exhibit 99.1 hereto includes certain additional information regarding collections of FTA Charges.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits required to be filed by Item 601 of Regulation S-K:

99.1 Quarterly Servicer's Certificate dated June 25, 2001.

(b) Reports filed on Form 8-K during the quarter ended June 30, 2001 and through the date hereof:

1. April 6, 2001  
Item 5. Other Events



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on this the 3rd day of August, 2001.

PG&E FUNDING LLC, as Registrant

By /s/ DINYAR B. MISTRY  
 -----  
 Dinyar B. Mistry, Controller

INDEX TO EXHIBITS

| Exhibit Number<br>----- | Description<br>-----                                 |
|-------------------------|--|
| 99.1                    | Quarterly Servicer's Certificate dated June 25, 2001 |

EXHIBIT 99.1

QUARTERLY SERVICER'S CERTIFICATE  
 Exhibit E to Servicing Agreement  
 Quarterly Servicer's Certificate

California Infrastructure and Economic Development Bank Special Purpose Trust PG&E-1  
 \$2,901,000,000 Rate Reduction Certificates, Series 1997-1

Pursuant to Section 4.01(d)(ii) of the Transition Property Servicing Agreement dated as of December 8, 1997 (the "Transition Property Servicing Agreement") between Pacific Gas and Electric Company, as Servicer, and PG&E Funding LLC, as Note Issuer, the Servicer does hereby certify as follows:

Capitalized terms used in the Quarterly Servicer's Certificate (the "Quarterly Certificate") have their respective meanings as set forth in the Agreement. References herein to certain sections and subsections are references to the respective sections of the Agreement.

Collection Periods: March '01, April '01, May '01  
 Distribution Date: June 25, 2001

<TABLE>

1. Collections Allocable and Aggregate Amounts Available for the Current Distribution Date:

| <S>   | <C>              |
|---|------------------|
| i. Remittances for the March '01 Collection Period  | \$30,966,100.00  |
| ii. Remittances for the April '01 Collection Period | \$29,998,875.00  |
| iii. Remittances for the May '01 Collection Period  | \$27,639,572.00  |
| iv. Net Earnings on Collection Account              | \$1,465,153.28   |
|   | -----            |
| v. General Sub-Account Balance                      | \$90,069,700.28  |
| vi. Reserve Sub-Account Balance                     | \$30,643,297.35  |
| vii. Overcollateralization Sub-Account Balance      | \$4,714,125.00   |
| viii. Capital Sub-Account Balance (less \$100K)     | \$14,405,000.00  |
|   | -----            |
| ix. Collection Account Balance                      | \$139,832,122.63 |

|  |                    |
|--|--------------------|
| 2. Outstanding Principal Balance and Collection Account Balance as of Prior Distribution Date:   |                    |
| i. Class A-1 Principal Balance   | \$0.00             |
| ii. Class A-2 Principal Balance  | \$0.00             |
| iii. Class A-3 Principal Balance   | \$0.00             |
| iv. Class A-4 Principal Balance  | \$24,432,693.00    |
| v. Class A-5 Principal Balance   | \$290,000,000.00   |
| vi. Class A-6 Principal Balance  | \$375,000,000.00   |
| vii. Class A-7 Principal Balance   | \$866,000,000.00   |
| viii. Class A-8 Principal Balance  | \$400,000,000.00   |
|  | -----              |
| ix. Rate Reduction Certificate Principal Balance   | \$1,955,432,693.00 |
| x. Reserve Sub-Account Balance   | \$30,643,297.35    |
| xi. Overcollateralization Sub-Account Balance  | \$4,714,125.00     |
| xii. Capital Sub-Account Balance   | \$14,405,000.00    |
| 3. Required Funding/Payments as of Current Distribution Date:                                    |                    |
| i. Projected Class A-1 Certificate Balance   | \$0.00             |
| ii. Projected Class A-2 Certificate Balance  | \$0.00             |
| iii. Projected Class A-3 Certificate Balance   | \$0.00             |
| iv. Projected Class A-4 Certificate Balance  | \$0.00             |
| v. Projected Class A-5 Certificate Balance   | \$248,916,995.00   |
| vi. Projected Class A-6 Certificate Balance  | \$375,000,000.00   |
| vii. Projected Class A-7 Certificate Balance   | \$866,000,000.00   |
| viii. Projected Class A-8 Certificate Balance  | \$400,000,000.00   |
|  | -----              |
| ix. Projected Class A Certificate Balance  | \$1,889,916,995.00 |
| x. Required Class A-1 Coupon   | \$0.00             |
| xi. Required Class A-2 Coupon  | \$0.00             |
| xii. Required Class A-3 Coupon   | \$0.00             |
| xiii. Required Class A-4 Coupon  | \$376,263.47       |
| xiv. Required Class A-5 Coupon   | \$4,531,250.00     |
| xv. Required Class A-6 Coupon  | \$5,925,000.00     |
| xvi. Required Class A-7 Coupon   | \$13,899,300.00    |
| xvii. Required Class A-8 Coupon  | \$6,480,000.00     |
| xviii. Required Overcollateralization Funding  | \$362,625.00       |
| xix. Required Capital Sub-Account Funding  | \$0.00             |
| 4. Allocation of Remittances as of Current Distribution Date Pursuant to 8.02(d) of Indenture:   |                    |
| i. Note, Delaware and Certificate Trustee Fees   | \$1,123.33         |
| ii. Quarterly Servicing Fee  | \$1,222,145.43     |
| iii. Quarterly Administration Fee  | \$25,000.00        |
| iv. Operating Expenses (subject to \$100,000 cap)  | \$29,711.53        |
| v. Quarterly Interest  | \$31,211,813.47    |
| 1. Class A-1 Certificate Coupon Payment  | \$0.00             |
| 2. Class A-2 Certificate Coupon Payment  | \$0.00             |
| 3. Class A-3 Certificate Coupon Payment  | \$0.00             |
| 4. Class A-4 Certificate Coupon Payment  | \$376,263.47       |
| 5. Class A-5 Certificate Coupon Payment  | \$4,531,250.00     |
| 6. Class A-6 Certificate Coupon Payment  | \$5,925,000.00     |
| 7. Class A-7 Certificate Coupon Payment  | \$13,899,300.00    |
| 8. Class A-8 Certificate Coupon Payment  | \$6,480,000.00     |
| vi. Principal Due and Payable  | \$0.00             |
| vii. Quarterly Principal   | \$65,515,698.00    |
| 1. Class A-1 Certificate Principal Payment   | \$0.00             |
| 2. Class A-2 Certificate Principal Payment   | \$0.00             |
| 3. Class A-3 Certificate Principal Payment   | \$0.00             |
| 4. Class A-4 Certificate Principal Payment   | \$24,432,693.00    |
| 5. Class A-5 Certificate Principal Payment   | \$41,083,005.00    |
| 6. Class A-6 Certificate Principal Payment   | \$0.00             |
| 7. Class A-7 Certificate Principal Payment   | \$0.00             |
| 8. Class A-8 Certificate Principal Payment   | \$0.00             |
| viii. Operating Expenses (in excess of \$100,000)  | \$0.00             |
| ix. Funding of Overcollateralization Sub-Account (to required level)                             | \$362,625.00       |
| x. Funding of Capital Sub-Account (to required level)  | \$0.00             |
| xi. Net Earnings Released to Note Issuer   | \$0.00             |
| xii. Released to Note Issuer upon Series Retirement: Overcollateralization Sub-Account           | \$0.00             |
| xiii. Released to Note Issuer upon Series Retirement: Capital Sub-Account                        | \$0.00             |
| xiv. Deposits to Reserve Sub-Account   | \$0.00             |
| xv. Released to Note Issuer upon Series Retirement: Collection Account                           | \$0.00             |
| 5. Outstanding Principal Balance and Collection Account Balance as of current distribution date: |                    |

(after giving effect to payments to be made on such distribution date):

|  |                    |
|--|--------------------|
| i. Class A-1 Principal Balance                   | \$0.00             |
| ii. Class A-2 Principal Balance                  | \$0.00             |
| iii. Class A-3 Principal Balance                 | \$0.00             |
| iv. Class A-4 Principal Balance                  | \$0.00             |
| v. Class A-5 Principal Balance                   | \$248,916,995.00   |
| vi. Class A-6 Principal Balance                  | \$375,000,000.00   |
| vii. Class A-7 Principal Balance                 | \$866,000,000.00   |
| viii. Class A-8 Principal Balance                | \$400,000,000.00   |
| <hr/>  |                    |
| ix. Rate Reduction Certificate Principal Balance | \$1,899,916,995.00 |
| x. Reserve Sub-Account Balance                   | \$22,344,880.86    |
| xi. Overcollateralization Sub-Account Balance    | \$5,076,750.00     |
| xii. Capital Sub-Account Balance                 | \$14,405,000.00    |

|   |                |
|---|----------------|
| 6. Sub-Account Draws as of Current Distribution Date (if applicable, pursuant to Section 8.02(e) of Indenture): |                |
| i. Reserve Sub-Account  | \$8,298,416.49 |
| ii. Overcollateralization Sub-Account   | \$0.00         |
| iii. Capital Sub-Account  | \$0.00         |
| <hr/>   |                |
| iv. Total Draws   | \$8,298,416.49 |

|   |        |
|---|--------|
| 7. Shortfalls In Interest and Principal Payments as of Current Distribution Date: |        |
| i. Quarterly Interest   | \$0.00 |
| 1. Class A-1 Certificate Coupon Payment   | \$0.00 |
| 2. Class A-2 Certificate Coupon Payment   | \$0.00 |
| 3. Class A-3 Certificate Coupon Payment   | \$0.00 |
| 4. Class A-4 Certificate Coupon Payment   | \$0.00 |
| 5. Class A-5 Certificate Coupon Payment   | \$0.00 |
| 6. Class A-6 Certificate Coupon Payment   | \$0.00 |
| 7. Class A-7 Certificate Coupon Payment   | \$0.00 |
| 8. Class A-8 Certificate Coupon Payment   | \$0.00 |
| ii. Quarterly Principal   | \$0.00 |
| 1. Class A-1 Certificate Principal Payment  | \$0.00 |
| 2. Class A-2 Certificate Principal Payment  | \$0.00 |
| 3. Class A-3 Certificate Principal Payment  | \$0.00 |
| 4. Class A-4 Certificate Principal Payment  | \$0.00 |
| 5. Class A-5 Certificate Principal Payment  | \$0.00 |
| 6. Class A-6 Certificate Principal Payment  | \$0.00 |
| 7. Class A-7 Certificate Principal Payment  | \$0.00 |
| 8. Class A-8 Certificate Principal Payment  | \$0.00 |

|   |        |
|---|--------|
| 8. Shortfalls in Required Sub-Account Levels as of Current Distribution Date: |        |
| i. Overcollateralization Sub-Account  | \$0.00 |
| ii. Capital Sub-Account   | \$0.00 |

|  |                             |                            |   |
|--|-----------------------------|----------------------------|---|
| 9. Distributions of Principal per \$1,000 of Original Principal Amount |                             |                            | Principal Payment<br>per \$1,000 of<br>Orig. Principal Amt.<br>[ B/A x 1,000] |
|  | Original Principal<br>[ A ] | Principal Payment<br>[ B ] |   |
|  | -----                       | -----                      | -----   |
| i. Class A-1   | \$0.00                      | \$0.00                     | \$0.000000  |
| ii. Class A-2  | \$0.00                      | \$0.00                     | \$0.000000  |
| iii. Class A-3   | \$0.00                      | \$0.00                     | \$0.000000  |
| iv. Class A-4  | \$0.00                      | \$24,432,693.00            | \$0.000000  |
| v. Class A-5   | \$290,000,000.00            | \$41,083,005.00            | \$141.665534  |
| vi. Class A-6  | \$375,000,000.00            | \$0.00                     | \$0.000000  |
| vii. Class A-7   | \$866,000,000.00            | \$0.00                     | \$0.000000  |
| viii. Class A-8  | \$400,000,000.00            | \$0.00                     | \$0.000000  |
|  | -----                       | -----                      | -----   |
|  | \$1,931,000,000.00          | \$65,515,698.00            |   |

|  |                             |                           |  |
|--|-----------------------------|---------------------------|--|
| 10. Distributions of Interest per \$1,000 of Original Principal Amount |                             |                           | Interest Payment<br>per \$1,000 of<br>Orig. Principal Amt.<br>[ B/A x 1,000] |
|  | Original Principal<br>[ A ] | Interest Payment<br>[ B ] |  |
|  | -----                       | -----                     | -----  |
| i. Class A-1   | \$0.00                      | \$0.00                    | \$0.000000   |
| ii. Class A-2  | \$0.00                      | \$0.00                    | \$0.000000   |
| iii. Class A-3   | \$0.00                      | \$0.00                    | \$0.000000   |

|                 |                    |                 |             |
|-----------------|--------------------|-----------------|-------------|
| iv. Class A-4   | \$0.00             | \$376,263.47    | \$0.000000  |
| v. Class A-5    | \$290,000,000.00   | \$4,531,250.00  | \$15.625000 |
| vi. Class A-6   | \$375,000,000.00   | \$5,925,000.00  | \$15.800000 |
| vii. Class A-7  | \$866,000,000.00   | \$13,899,300.00 | \$16.050000 |
| viii. Class A-8 | \$400,000,000.00   | \$6,480,000.00  | \$16.200000 |
|                 | -----              | -----           |             |
|                 | \$1,931,000,000.00 | \$31,211,813.47 |             |

</TABLE>

IN WITNESS HEREOF, the undersigned has duly executed and delivered this Quarterly Servicer's Certificate this 25th day of June, 2001.

PACIFIC GAS AND ELECTRIC COMPANY, as Servicer

by: /s/ Kent Harvey

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 Kent Harvey  
 Senior Vice President-Treasurer & CFO