

Pacific Gas and Electric Company

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ALICE REYNOLDS
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TO: THE STATE, COUNTY AND CITY OFFICIALS
AND INTERESTED PARTIES

PACIFIC GAS AND ELECTRIC COMPANY (PG&E) has filed Application No. 88-09-032 in which it requests authority from the CALIFORNIA PUBLIC UTILITIES COMMISSION (Commission) to increase its rates for natural gas services under the Annual Cost Allocation Proceeding (ACAP) adopted by the Commission in Decision Nos. 86-12-009, 86-12-010, and 87-12-039. PG&E seeks authority to increase its rate by approximately \$221.6 million on an annualized basis or by about 8.7 percent, effective January 1, 1989.

The gas rate increase proposed by PG&E to become effective on January 1, 1989 is based primarily on amortization of a forecasted net undercollection in PG&E's balancing accounts as of December 31, 1988, an increase in the cost of purchased gas and a forecasted shortfall in gas transportation revenues in 1989. This application is PG&E's first revenue adjustment request since the implementation of the new gas industry structure which became effective May 1, 1988. The

new regulatory structure is based on rules adopted in Commission Decision Nos. 86-12-009, 86-12-010, 87-12-039 and subsequent modifying decisions, resolutions, and orders.

PG&E anticipates that the Commission will hold hearings on the proposed increase later this year. Parties at the hearings may offer proposals which differ from those requested by the Utility. After considering **all proposals** presented during the formal hearing process, the Commission will issue a decision. The actual rates adopted by the Commission may significantly differ from those requested by the Utility, and may result in an increase or decrease in your individual rates.

If you wish to participate formally and need advice or if you wish copies of the rate proposals which may be offered by the Division of Ratepayer Advocates of the Public Utilities Commission (DRA), please write to the Public Advisor, California Public Utilities Commission at 505 Van Ness Avenue, San Francisco, California 94102. Inquiries as to the date, time, and place of hearing on the application may be directed to the Public Advisor.

A copy of the Application and related exhibits may be examined at the office of the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California

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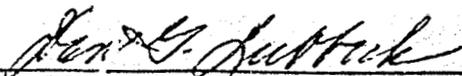
A copy of the Application and related exhibits may be examined at the office of the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California

94102; at the offices of Pacific Gas and Electric Company,
77 Beale Street, Room 3125, San Francisco, California 94106;
or at the Office of the Regional Vice President at each of
PG&E's Regional headquarters in Fresno, Oakland, Sacramento,
San Francisco, San Jose, and Santa Rosa.

This Notice is given in accordance with Rule 24 of the Rules
of Practice and Procedure of the California Public Utilities
Commission.

PACIFIC GAS AND ELECTRIC COMPANY

BY



DAN G. LUBBOCK