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PACIFIC GAS AND ELECTRIC COMPANY

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January 27, 1987

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

PACIFIC GAS AND ELECTRIC COMPANY (PGandE) has filed Application No. 87-01-032 in which it requests authority from the CALIFORNIA PUBLIC UTILITIES COMMISSION (Commission), to decrease its gas rates effective July 1, 1987 to "core" customers by about 4.3 percent or by approximately \$73.1 million on an annualized basis. "Core" customers generally include all residential and most commercial customers.

If granted, PGandE's proposal will mean residential gas customers using 100 therms a month will save approximately \$1.84, or 4.6 percent, on their bills. Most residential customers will receive decreases because baseline rates will be reduced by 5.6 percent; however, customers using large amounts of natural gas will see increases in their bills because rates above baseline amounts will rise 6.8 percent.

Most commercial customers, such as hospitals, office buildings and restaurants, would receive about a 14 percent rate decrease. This reflects the lower cost of

serving these customers and new rate designs authorized in recent CPUC decisions.

PGandE has proposed that the total revenue from industrial and very large commercial customers be reduced by \$74.8 million, or about 8 percent. As mandated by recent CPUC decisions, these prices will largely be determined by negotiation with individual customers. Some customers will see decreases, while others may experience price increases, depending on the contract and type of service negotiated.

Wholesale revenues are proposed to decrease by \$4.6 million or 17.7 percent. Wholesale rates are also subject to negotiation within a narrower band (± 10 percent), to be set by the Commission.

PGandE anticipates that the Commission will hold hearings on the proposals in March, 1987. Parties at the hearings may offer proposals to the Commission 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.

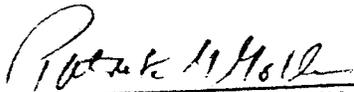
If you wish to participate formally and need advice, or if you wish copies of Public Staff Division's rate proposals, please write to the Public Advisor, California Public Utilities Commission at 505 Van Ness Avenue, San

Francisco, California 94102.

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 Pacific Gas and Electric Company, 77 Beale Street, Room 3121; or c/o Regional Managers in PGandE'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 & ELECTRIC COMPANY

By 
PATRICK G. GOLDEN

January 26, 1987