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CITY COUNCIL MEETING
SEPTEMBER 18, 1985

PUC APPLICATIONS

2051a

City Clerk Reimche presented a letter which had been received from P.G. & E. Company regarding the filing of Application No. 85-08-025 in which it requests authorization to establish a rate adjustment procedure for Unit 2 and ultimately increase electric rates by a net amount of \$380 million.

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PACIFIC GAS AND ELECTRIC COMPANY

PG&E

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77 BEALE STREET, SAN FRANCISCO, CALIFORNIA 94106

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PO BOX 712
ALICE M. REIMCHE
CITY CLERK
CITY OF LODI

SAN FRANCISCO, CALIFORNIA 94120

TELECOPIER (415) 543-7813

PETER W. HANSCHEN
ATTORNEY AT LAW

August 14, 1985

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

Pacific Gas and Electric Company (PGandE) has filed Application No. 85-08-025 in which it requests authority from the California Public Utilities Commission (CPUC) to reflect Unit 2 of its Diablo Canyon Nuclear Power Plant in rates. More specifically, the application requests authorization to establish a rate adjustment procedure for Unit 2 and ultimately to increase electric rates by a net amount of \$380 million. The \$380 million increase is the difference between \$694 million, which represents the full first year cost of owning, operating, maintaining and eventually decommissioning Unit 2 of Diablo Canyon and a \$314 million reduction in energy costs resulting from the operation of Unit 2.

The \$380 million represents the entire net rate increase for Unit 2. However, because the Commission's review of the costs of Diablo Canyon may take some time, PGandE has requested that an interim net rate increase of \$236 million be granted at such time as Unit 2 goes into commercial operation. The proposed interim rate increase adjusts electric rates by an amount equal to the estimated energy savings resulting from the operation of Unit 2, plus 62 percent of the remaining revenue requirement and concurrently reduces rates under PGandE's Energy Cost Adjustment Clause and Annual Energy Rate by \$286 million and \$28 million, respectively. Any undercollections and overcollections will be accounted for in an adjustment clause.

The resulting net change in jurisdictional energy charges for the full net revenue requirement is 6.8 percent and 4.2 percent for the interim rate proposal. PGandE proposes to spread this rate increase equally to all customer classes.

Previously, in June 1984, PGandE filed Application No. 84-06-014 to reflect the costs of owning and operating Unit 1 of Diablo Canyon in rates. That application is presently being heard by the CPUC. PGandE will move to consolidate Application No. 84-06-014 and 85-08-025 at the appropriate time.

A copy of Application No. 85-08-025 and the related exhibits may be examined at the office of the California Public Utilities Commission, State Building, 350 McAllister Street, San Francisco, CA 94102; at Pacific Gas and Electric Company, 77 Beale Street, Room 3109, or c/o Regional Managers in PGandE's Region Headquarters in Sacramento, San Rafael, San Francisco, Oakland, San Jose, and Fresno. Further information, and copies of this application and exhibits, may be obtained upon request by writing to PGandE at 77 Beale Street, Room 3109, San Francisco, CA 94106, Attention Mr. Peter W. Hanschen.

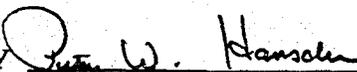
Any comments or inquiries, including requests to receive notices of dates, times and places of any hearings on this application, may be directed to the California Public Utilities Commission office at 350 McAllister Street, San Francisco, CA 94102.

The State, the counties, the municipal corporations and other parties interested in the above-mentioned filing will be furnished a copy of Application No. 85-08-025, with related exhibits, upon written request made to PGandE, 77 Beale Street, Post Office Box 7442, San Francisco, CA 94120, Attention: Mr. Peter W. Hanschen.

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

Very truly yours,

PACIFIC GAS AND ELECTRIC COMPANY

By 
PETER W. HANSCHEN