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MUNGER CHADWICK, P.L.C.

ATTORNEYS AT LAW
A PROFESSIONAL LIMITED LIABILITY COMPANY
NATIONAL BANK PLAZA
333 NORTH WILMOT, SUITE 300
TUCSON, ARIZONA 85711
(520) 721-1900
FAX (520) 747-1550

JOHN F. MUNGER
MARK E. CHADWICK
MICHAEL S. GREEN
KATHLEEN DELANEY WINGER
KEVIN R. HARPER

MICHAEL M. RACY
GOVERNMENT RELATIONS DIRECTOR
(NON-LAWYER)
DIRECT LINE: (520) 906-4646

PHOENIX APPOINTMENT ADDRESS:
5225 N. CENTRAL
SUITE 235
PHOENIX, ARIZONA 85012-1452
(602) 230-1850

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OF COUNSEL
LAWRENCE V. ROBERTSON, JR.
ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLUMBIA

DOCUMENT CONTROL
MILLER, LA SOTA AND PETERS, P.L.C.
PHOENIX, ARIZONA

OF COUNSEL
OGARRIO Y DIAZ ABOGADOS
MEXICO, D.F., MEXICO
(LICENSED SOLELY IN MEXICO)

January 28, 1999

Ms. Carmen Madrid, Supervisor
Docket Control Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: Docket No. RE-00000C-94-0165

Dear Ms. Madrid:

Enclosed for filing are eleven (11) copies of PG&E Energy Services Corporation's Letter to Suzanne M. Dallimore, Antitrust Unit Chief, Office of the Attorney General.

Please advise our office if you have any questions regarding the enclosed.

Very truly yours,

Lawrence V. Robertson, Jr.

Enclosures (11)

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January 28, 1999

Ms. Suzanne M. Dallimore
Antitrust Unit Chief
Antitrust Unit, Civil Division
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007-2997

**RE: In the Matter of Competition In The Provision of Electric Services In The
State of Arizona (Docket No. RE-0000C-94-0165)**

Dear Suzanne:

Pursuant to the Chief Hearing Officer's January 26, 1999 Procedural Order, PG&E Energy Services Corporation ("Energy Services") hereby advises you and RUCO that Energy Services does not propose any changes to the Retail Electric Competition Rules ("Rules") that were adopted by the Commission on December 11, 1998 in Decision No. 61272. Accordingly, and with reference to subsection (A) in the Third Ordering Paragraph of the aforesaid Procedural Order, you may include Energy Services' name among those parties in agreement as to those Rules not requiring amendment. Inasmuch as Energy Services will not have had an opportunity to examine and analyze proposed changes to the Rules advocated by other participants as of January 28 or 29, the company's name should not be included among those contending that certain Rules need to be amended.

In addition, with reference to (i) subsection (B) of the Third Ordering Paragraph of said Procedural Order, and (ii) Sections 6 and 7 of the January 27, 1999 draft of the Attorney General/RUCO Revised Procedural Schedule, Energy Services does not agree that the effectiveness of future Commission decisions on stranded costs and unbundled tariffs should be held in abeyance until the last such decision has been issued for the last Affected Utility. Rather, Energy Services believes that such decisions should become effective on an Affected Utility - by - Affected Utility basis as they are rendered by the Commission. In that regard, although Energy Services would prefer a more compressed time frame for the conduct of discovery and hearing on these matters, it has no alternative schedule to propose.

Ms. Suzanne M. Dallimore
January 28, 1999
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Let me know if you have any questions regarding the above.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry", written in dark ink.

Lawrence V. Robertson, Jr.

LVR:djb

cc: Parties of Record