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Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

(17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

(17 CFR 240.13e-4(c))

Item 8.01. Other Events***2008 Cost of Capital Proceeding***

On November 6, 2007, a proposed decision was issued in Pacific Gas and Electric Company's (Utility) 2008 cost of capital proceeding pending at the California Public Utilities Commission (CPUC). The proposed decision recommends maintaining the Utility's currently authorized capital structure and an 11.35% rate of return on equity (ROE) on the Utility's electricity and natural gas distribution and electric generation rate base. The table below shows the proposed decision's recommendations compared to the Utility's request:

	Recommended in Proposed Decision			Requested		
	Cost	Capital Structure	Weighted Cost	Cost	Capital Structure	Weighted Cost
Long-term debt	6.05%	46.00%	2.78%	6.05%	46.00%	2.78%
Preferred stock	5.68%	2.00%	0.11%	5.68%	2.00%	0.11%
Common equity	11.35%	52.00%	5.90%	11.70%	52.00%	6.08%
Return on rate base			8.79%			8.97%

The recommended cost of capital would not have a material impact on the Utility's 2008 revenue requirement. The proposed decision recommends that the changes to the Utility's revenue requirement be effective January 1, 2008.

PG&E Corporation and the Utility are unable to predict whether the CPUC will adopt the proposed decision.

The proposed decision recommends deferring the requirement for the utilities to file their annual cost of capital applications scheduled to be filed on May 8, 2008, noting that the proceeding remains open for the CPUC to consider mechanisms that could replace the annual cost of capital proceedings. A final decision on that phase of the proceeding has been previously scheduled to be issued by April 24, 2008.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

PG&E CORPORATION

Dated: November 7, 2007

By:

/s/ Linda Y.H. Cheng
LINDA Y.H. CHENG
Vice President, Corporate
Governance and Corporate Secretary

PG&E CORPORATION

Dated: November 7, 2007

By:

/s/ Linda Y.H. Cheng
LINDA Y.H. CHENG
Vice President, Corporate Governance
and Corporate Secretary