PG&E CORPORATION CONDENSED STATEMENT OF CONSOLIDATED INCOME (unaudited)

Earnings from Operations excluding headroom (b) 274 256 680 754 Headroom 376 636 918 786 Earnings from Operations including headroom (b) 650 892 1,598 1,540 Items impacting comparability (c) (184) (121) (283) (970) Reported Earnings (Loss) \$ 466 771 \$ 1,315 \$ 570 Earnings (Loss) per Share (Diluted) Utility Pacific Gas and Electric Company \$ 0.59 \$ 0.53 \$ 1.57 \$ 1.57 National Energy Group Integrated Energy and Marketing 0.04 0.18 0.02 0.42 Interstate Pipeline Operations 0.05 0.05 0.015 0.15 0.16		Three months ended September 30,				Nine months ended September 30,				
Pacific Gas and Electric Company \$2,486 \$2,507 \$8,116 \$7,808 Integrated Energy and Marketing 20 57 715 138 Eliminations and Other 60 60 1019 2019 Subtion INS 60 1019 715 715 715 Subtidin INS 60 1019 715 715 715 715 Subtidin INS 716 716 716 715 715 715 715 715 Subtidin INS 716 716 715	(in millions, except per share amounts)		2002		2001		2002		2001	
Integrated Energy and Marketing	Operating Revenues (a)									
Memissabe Pipeline Operations	Pacific Gas and Electric Company	\$	2,949	\$	2,937	\$	8,116	\$	7,808	
Eliminations and Other	Integrated Energy and Marketing		1,030				2,277		2,042	
Subtotal NEG										
Other Enterprises and eliminations (18) 3.710 104,000 0.886 Operating Expenses (a) 2.00 3.710 10.4880 3.886 Cost of energy - Pacific Gas and Electric Company 674 667 1.526 3.897 Cost of energy - Pacific Gas and Electric Company 746 667 1.524 1.594 1.110 Cost of energy - Pacific Gas and Electric Company 746 667 1.524 1.594 3.33 Total Operating expenses including depreciation 1.553 983 4.230 3.07 3.33 701 7.395 6.226 1.525 3.085 1.628 1.629 <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>										
Total operating revenues	Subtotal NEG		1,087		782		2,438		2,224	
Cost of energy - Pacific Gas and Electric Company	Other Enterprises and eliminations		(18)		-		(74)		(147)	
Cost of energy - Pacific Gas and Electric Company	Total operating revenues		4,018		3,719		10,480		9,885	
Cost of energy - National Energy Group 745 462 1.564 1.119 Operating expenses including depreciation 1.553 883 4.230 3.077 Reorganization Items 41 25 7.5 3.3 Tool operating prepriese 1.00 1.552 3.095 1.659 Interest expense, net and other (325) (284) (333) (749) Income laxes provision (thenetit) 2.14 487 7.71 3.0 Net Income (Loss) Before income Taxes 680 1.259 2.0 7.71 3.0 Net Income laxes provision (thenetit) 466 771 1.376 570 Cumulative effect of a change in an accounting principle (not applicable income taxes of \$42 million) 2 2 6.61 5.70 Net Income (Loss) Before common Shares Outstanding, Diluted 3.66 771 1.316 \$36 Bearings (Loss) 4.0 3.2 2.12 3.67 \$1.57 Earnings (Loss) Per Common Share, Braic \$ 1.25 \$ 2.12 \$ 3.67 \$ 1.57 Earnin	Operating Expenses (a)									
Depending expenses including depreciation 1.553 383 4.25 5.75 3.35 Total operating expenses 3.013 2.167 7.095 8.226 Operating income 1.006 1.552 3.085 1.629 Interest expense, net and other 1.006 1.552 2.147 910 Income (Loss) Before income Taxes 2.026 1.298 2.147 910 Income (Loss) Before income Taxes 2.026 1.298 2.147 910 Income (Loss) Before cumulative effect of a change in accounting principle (net of applicable income taxes of set million) 2.14 487 771 1.376 570 Cumulative effect of a change in an accounting principle (net of applicable income taxes of \$42 million) 2.0 6.01 1.376 570 Veighted Average Common Shares Outstanding, Diluted 395 364 378 363 363 Earnings (Loss) Per Common Shares, Basic \$ 1.26 \$ 2.12 \$ 3.57 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.10 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 1.57 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 1.57 \$ 1.57 Eliminations and Other \$ 1.19 \$ 1.19 \$ 1.57 \$ 1.57 \$ 1.57 Earnings from Operations including headroom \$ 1.60 \$ 1.60 \$ 1.50 \$ 1.57 \$ 1.57 Earnings from Operations including headroom \$ 1.60 \$ 1.60	Cost of energy - Pacific Gas and Electric Company		674		697		1,526		3,997	
Percapanization teems	Cost of energy - National Energy Group		745		462		1,564		1,119	
Total operating expenses 3,013 2,167 7,385 8,226	Operating expenses including depreciation		1,553		983		4,230		3,077	
Departing Income 1.005 1.552 3.085 1.699 Interest expense, net and other 0.325 1.294 (338) 1.749 Interest expense, net and other 0.325 1.268 2.1447 9110 Income (Loss) Before Income Taxes 2.144 487 771 3.40 Income taxes provision (benefit) 2.14 487 771 3.40 Net Income (Loss) before cumulative effect of a change in accounting principle (net of applicable income taxes of \$42 million)	-									
Interest expenses, net and other 0.365 1.268 1.268 2.147 910 Income (Loss) Before Income Taxes 214 487 771 3.40 Net Income (Loss) before cumulative effect of a change in accounting principle (net of applicable income taxes of \$42 million) 466 771 1.376 370 Net Income (Loss) before cumulative effect of a change in accounting principle (net of applicable income taxes of \$42 million) 2-	Total operating expenses		3,013	-	2,167		7,395		8,226	
Income (Loss) Before Income Taxes	Operating Income		1,005		1,552		3,085		1,659	
Income taxes provision (benefit)	Interest expense, net and other		(325)		(294)		(938)		(749)	
Net Income (Loss) before cumulative effect of a change in accounting principle (net of applicable income taxes of \$42 million) Net Income (Loss) Net Income (Loss) Weighted Average Common Shares Outstanding, Diluted 395 364 378 363 Earnings (Loss) Per Common Shares Outstanding, Diluted \$1.25 \$2.12 \$3.57 \$1.57 Earnings (Loss) Per Common Share, Basic Earnings (Loss) Per Common Share, Diluted \$1.19 \$2.12 \$3.49 \$1.57 Earnings (Loss) Per Common Share, Diluted \$2.32 \$1.92 \$5.93 \$5.70 National Energy Group Integrated Energy and Marketing Interstate Pipeline Operations 21 19 56 57 Earnings (Loss) Other Enterprises Earnings from Operations excluding headroom (10 to 18 to 19	Income (Loss) Before Income Taxes		680		1,258		2,147		910	
Net Income (Loss) before cumulative effect of a change in accounting principle (net of applicable income taxes of \$42 million) Net Income (Loss) Net Income (Loss) Weighted Average Common Shares Outstanding, Diluted 395 364 378 363 Earnings (Loss) Per Common Shares Outstanding, Diluted \$1.25 \$2.12 \$3.57 \$1.57 Earnings (Loss) Per Common Share, Basic Earnings (Loss) Per Common Share, Diluted \$1.19 \$2.12 \$3.49 \$1.57 Earnings (Loss) Per Common Share, Diluted \$2.32 \$1.92 \$5.93 \$5.70 National Energy Group Integrated Energy and Marketing Interstate Pipeline Operations 21 19 56 57 Earnings (Loss) Other Enterprises Earnings from Operations excluding headroom (10 to 18 to 19	Income taxes provision (benefit)		214		487		771		340	
Accounting principle Accounting principle (not of applicable income taxes of \$42 million)			<u> </u>				<u> </u>			
Met Income (Loss) Adé	, ,		466		771		1,376		570	
Met Income (Loss) Adé	Cumulative effect of a change in an accounting principle									
Weighted Average Common Shares Outstanding, Diluted 395 384 378 363 Earnings (Loss) Per Common Share, Basic \$ 1.25 \$ 2.12 \$ 3.57 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Utility Pacific Gas and Electric Company \$ 232 \$ 192 \$ 593 \$ 570 National Energy Group Integrated Energy and Marketing 15 64 10 152 Itemstate Pipeline Operations 21 19 56 57 Eliminations and Other 33 77 49 202 Other Enterprises 9 (13) 38 (18) Earnings from Operations excluding headroom (%) 274 256 680 754 Headroom 376 636 918 786 784 Headroom 376 650 892 1,598 1,540 Items impacting comparability (%) (184) (121) (283) (970) <t< td=""><td></td><td></td><td>-</td><td></td><td>-</td><td></td><td>(61)</td><td></td><td>-</td></t<>			-		-		(61)		-	
Earnings (Loss) Per Common Share, Basic \$ 1.25 \$ 2.12 \$ 3.57 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Pacific Gas and Electric Company \$ 232 \$ 192 \$ 593 \$ 570 National Energy Group Integrated Energy and Marketing 15 64 10 152 Interstate Pipeline Operations 21 199 566 57 Eliminations and Other \$ (3) (6) (17) (7) (7) (7) (7) (7) (7) (7) (7) (7) (Net Income (Loss)		466		771		1,315		570	
Earnings (Loss) Per Common Share, Basic \$ 1.25 \$ 2.12 \$ 3.57 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57 Earnings (Loss) Pacific Gas and Electric Company \$ 232 \$ 192 \$ 593 \$ 570 National Energy Group Integrated Energy and Marketing 15 64 10 152 Interstate Pipeline Operations 21 199 566 57 Eliminations and Other \$ (3) (6) (17) (7) (7) (7) (7) (7) (7) (7) (7) (7) (Weighted Average Common Shares Outstanding Diluted									
Earnings (Loss) Per Common Share, Diluted \$ 1.19 \$ 2.12 \$ 3.49 \$ 1.57	weighted Average Common Shares Odistanding, Diluted		395		364		378		363	
Earnings (Loss) Utility	Earnings (Loss) Per Common Share, Basic	\$	1.25	\$	2.12	\$	3.57	\$	1.57	
Dility	Earnings (Loss) Per Common Share, Diluted	\$	1.19	\$	2.12	\$	3.49	\$	1.57	
Pacific Gas and Electric Company \$ 232 \$ 192 \$ 593 \$ 570 National Energy Group Integrated Energy and Marketing Interstate Pipeline Operations 21 19 56 57 Eliminations and Other (3) (6) (17) (7) Subtotal - National Energy Group 33 77 49 202 Other Enterprises 9 (13) 38 (18) Earnings from Operations excluding headroom (b) 274 256 680 754 Headroom 376 636 918 786 Earnings from Operations including headroom (b) 650 892 1,598 1,540 Items impacting comparability (c) (184) (121) (283) (970) Reported Earnings (Loss) \$ 466 771 \$ 1,315 \$ 570 Earnings (Loss) per Share (Diluted) \$ 1,598 \$ 1,57 \$ 1,57 Utility \$ 2,59 \$ 0,53 \$ 1,57 \$ 1,57 Pacific Gas and Electric Company \$ 0,59 \$ 0,53 \$ 1,57 \$ 1,57	Earnings (Loss)	·		·		•		•		
Pacific Gas and Electric Company \$ 232 \$ 192 \$ 593 \$ 570 National Energy Group Integrated Energy and Marketing Interstate Pipeline Operations 21 19 56 57 Eliminations and Other (3) (6) (17) (7) Subtotal - National Energy Group 33 77 49 202 Other Enterprises 9 (13) 38 (18) Earnings from Operations excluding headroom (b) 274 256 680 754 Headroom 376 636 918 786 Earnings from Operations including headroom (b) 650 892 1,598 1,540 Items impacting comparability (c) (184) (121) (283) (970) Reported Earnings (Loss) \$ 466 771 \$ 1,315 \$ 570 Earnings (Loss) per Share (Diluted) \$ 1,598 \$ 1,57 \$ 1,57 Utility \$ 2,59 \$ 0,53 \$ 1,57 \$ 1,57 Pacific Gas and Electric Company \$ 0,59 \$ 0,53 \$ 1,57 \$ 1,57	Utility									
Integrated Energy and Marketing 15 64 10 152 Interstate Pipeline Operations 21 19 56 57 Eliminations and Other (3) (6) (17) (7) Subtotal - National Energy Group 33 77 49 202 Other Enterprises 9 (13) 38 (18) Earnings from Operations excluding headroom (6) 274 256 680 754 Headroom 376 636 918 786 Earnings from Operations including headroom (6) 650 892 1,598 1,540 Items impacting comparability (6) (184) (121) (283) (970) Reported Earnings (Loss) \$466 \$771 \$1,315 \$570 Earnings (Loss) per Share (Diluted) Utility	Pacific Gas and Electric Company	\$	232	\$	192	\$	593	\$	570	
Interstate Pipeline Operations	National Energy Group									
Eliminations and Other	Integrated Energy and Marketing		15		64		10		152	
Subtotal - National Energy Group 33 77 49 202 Other Enterprises 9 (13) 38 (18) Earnings from Operations excluding headroom (b) 274 256 680 754 Headroom 376 636 918 786 Earnings from Operations including headroom (b) 650 892 1,598 1,540 Items impacting comparability (c) (184) (121) (283) (970) Reported Earnings (Loss) \$ 466 771 \$ 1,315 \$ 570 Earnings (Loss) per Share (Diluted) Utility Value	Interstate Pipeline Operations		21		19		56		57	
Other Enterprises 9 (13) 38 (18) Earnings from Operations excluding headroom (b) 274 256 680 754 Headroom 376 636 918 786 Earnings from Operations including headroom (b) 650 892 1,598 1,540 Items impacting comparability (c) (184) (121) (283) (970) Reported Earnings (Loss) \$ 466 771 \$ 1,315 \$ 570 Earnings (Loss) per Share (Diluted) Utility Valuable Valuable </td <td></td> <td></td> <td>(3)</td> <td></td> <td>(6)</td> <td></td> <td>(17)</td> <td></td> <td>(7)</td>			(3)		(6)		(17)		(7)	
Earnings from Operations excluding headroom (b) 274 256 680 754 Headroom 376 636 918 786 Earnings from Operations including headroom (b) 650 892 1,598 1,540 Items impacting comparability (c) (184) (121) (283) (970) Reported Earnings (Loss) \$ 466 771 \$ 1,315 \$ 570 Earnings (Loss) per Share (Diluted) Utility Value	Subtotal - National Energy Group		33		77		49		202	
Headroom	Other Enterprises		9		(13)		38		(18)	
Earnings from Operations including headroom (b) 650 892 1,598 1,540	Earnings from Operations excluding headroom (b)		274		256		680		754	
Earnings from Operations including headroom (b) 650 892 1,598 1,540	Headroom		376		636		018		786	
Items impacting comparability (c) (184) (121) (283) (970)		-								
Reported Earnings (Loss) \$ 466 \$ 771 \$ 1,315 \$ 570			000		002		1,000		1,010	
Company Comp	Items impacting comparability (c)		(184)		(121)		(283)		(970)	
Utility Pacific Gas and Electric Company \$ 0.59 \$ 0.53 \$ 1.57 \$ 1.57 National Energy Group Integrated Energy and Marketing 0.04 0.18 0.02 0.42 Interstate Pipeline Operations 0.05 0.05 0.15 0.16 Eliminations and Other (0.01) (0.02) (0.04) (0.02) Subtotal - National Energy Group 0.08 0.21 0.13 0.56 Other Enterprises 0.02 (0.04) 0.10 (0.05) Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.45) (0.33) (0.74) (2.68)	Reported Earnings (Loss)	\$	466	\$	771	\$	1,315	\$	570	
Pacific Gas and Electric Company \$ 0.59 \$ 0.53 \$ 1.57 \$ 1.57 National Energy Group Integrated Energy and Marketing 0.04 0.18 0.02 0.42 Interstate Pipeline Operations 0.05 0.05 0.15 0.16 Eliminations and Other (0.01) (0.02) (0.04) (0.02) Subtotal - National Energy Group 0.08 0.21 0.13 0.56 Other Enterprises 0.02 (0.04) 0.10 (0.05) Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Earnings (Loss) per Share (Diluted)									
National Energy Group Integrated Energy and Marketing 0.04 0.18 0.02 0.42 Interstate Pipeline Operations 0.05 0.05 0.15 0.16 Eliminations and Other (0.01) (0.02) (0.04) (0.02) Subtotal - National Energy Group 0.08 0.21 0.13 0.56 Other Enterprises 0.02 (0.04) 0.10 (0.05) Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Utility									
Integrated Energy and Marketing 0.04 0.18 0.02 0.42 Interstate Pipeline Operations 0.05 0.05 0.15 0.16 Eliminations and Other (0.01) (0.02) (0.04) (0.02) Subtotal - National Energy Group 0.08 0.21 0.13 0.56 Other Enterprises 0.02 (0.04) 0.10 (0.05) Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Pacific Gas and Electric Company	\$	0.59	\$	0.53	\$	1.57	\$	1.57	
Integrated Energy and Marketing 0.04 0.18 0.02 0.42 Interstate Pipeline Operations 0.05 0.05 0.15 0.16 Eliminations and Other (0.01) (0.02) (0.04) (0.02) Subtotal - National Energy Group 0.08 0.21 0.13 0.56 Other Enterprises 0.02 (0.04) 0.10 (0.05) Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	National Energy Group									
Eliminations and Other (0.01) (0.02) (0.04) (0.02) Subtotal - National Energy Group 0.08 0.21 0.13 0.56 Other Enterprises 0.02 (0.04) 0.10 (0.05) Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Integrated Energy and Marketing		0.04		0.18		0.02		0.42	
Subtotal - National Energy Group 0.08 0.21 0.13 0.56 Other Enterprises 0.02 (0.04) 0.10 (0.05) Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Interstate Pipeline Operations		0.05		0.05		0.15		0.16	
Other Enterprises 0.02 (0.04) 0.10 (0.05) Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Eliminations and Other		(0.01)		(0.02)		(0.04)		(0.02)	
Earnings from Operations excluding headroom (b) 0.69 0.70 1.80 2.08 Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Subtotal - National Energy Group		0.08		0.21		0.13		0.56	
Headroom 0.95 1.75 2.43 2.17 Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Other Enterprises		0.02		(0.04)		0.10		(0.05)	
Earnings from Operations including headroom (b) 1.64 2.45 4.23 4.25 Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Earnings from Operations excluding headroom (b)	_	0.69	_	0.70	_	1.80	_	2.08	
Items impacting comparability (c) (0.45) (0.33) (0.74) (2.68)	Headroom		0.95		1.75		2.43		2.17	
	Earnings from Operations including headroom (b)	-								
	Items impacting comparability (c)		(0.45)		(0.33)		(0.74)		(2 60)	
1.18 \$ 2.12 \$ 3.49 \$ 1.57		•		•		•		•		
	Reported Editings (E000)	.	1.18	Φ	2.12	Φ	3.48	Φ	1.07	

- (a) Operating revenues and operating expenses for the three months and nine months ended September 30, 2002, reflect the adoption of a new accounting policy implementing a change from gross to net method of reporting revenues and expenses on trading activities. Amounts for trading activities for the comparative periods in 2001 have been reclassified to conform with the new net presentation.
- (b) Earnings from operations exclude items impacting comparability and should not be considered an alternative to net income in accordance will principles generally accepted in the USA or an indicator of a Company's operating performance.
- (c) Items impacting comparability for the quarter ending September 30, 2002 include a goodwill write-off of \$71 million (\$0.18 per share); an impairment charge for dispersed generation equipment of \$18 million (\$0.05 per share); the net effect of incremental interest costs of \$75 million (\$0.18 per share) from the increased amount and cost of debt resulting from California's electric industry and the Utility's Chapter 11 filing; the write-off of \$68 million (\$0.17 per share) previously capitalized debt costs and discounts associated with PG&E Corporation's prepayment of its Tranche A loan and changes in the terms of its Tranche B loan in conjunction with its loan waiver extension; increased costs of \$32 million (\$0.08 per share) related to the Utility's Chapter 11 filing and other costs and generally consisting of external legal consulting and financial advisory fees; and a restructuring charge of \$11 million (\$0.03 per share). Offsetting these decreases was a change in PG&E NEG's mark-to-market methodology of \$6 million (\$0.02 per share); increase in tax benefits related to PG&E NEG's synthetic fuel investment tax credits of \$43 million (\$0.11 per share); and the change in the mark-to-market value of PG&E NEG warrants of \$42 million (\$0.11 per share).

Items impacting comparability for the quarter ending September 30, 2001 include a decrease of net undercollected electric procurement costs at the Utility of \$51 million (\$0.14 per share) due to the termination of certain bilateral contracts by counterparties and a change in the amount of ISO bills previously recorded; the net impacts associated with decisions issued by the California Public Utilities Commission (CPUC) on rehearings of the Utility's 1999 General Rate Case (GRC) of \$27 million (\$0.07 per share); additional interest costs caused by California's electric industry of \$62 million (0.17 per share); costs associated with termination of gas transportation hedges of \$66 million (\$0.18 per share); other costs related to the Utility's Chapter 11 filing of \$25 million (\$0.07 per share); and a decrease in the inability to fully utilize tax benefits of losses in California of \$8 million (\$0.02 per share) due to the recovery of previously written off transition costs.

Items impacting comparability for the year-to-date ending September 30, 2002 include impairments and write-offs of long-term turbine prepayments and related capitalized development costs of \$159 million (\$0.42 per share); a goodwill write-off of \$71 million (\$0.18 per share); an impairment charge for dispersed generation equipment of \$18 million (\$0.05 per share); the net effect of incremental interest costs of \$263 million (\$0.69 per share) from the increased amount and cost of debt resulting from California's electric industry and the Utility's Chapter 11 filling; the write-off of \$68 million (\$0.18 per share) of previously capitalized debt costs and discounts associated with PG&E Corporation's prepayment of its Tranche A loan and changes in the terms of its Tranche B loan in conjunction with its loan waiver extension; the cumulative effect of a change in accounting principle of \$61 million (\$0.16 per share); increased costs of \$64 million (\$0.17 per share) related to the Utility's Chapter 11 filing and generally consisting of external legal consulting and financial advisory fees; a restructuring charge of \$11 million (\$0.03 per share); and other costs related to California's electric industry crisis of \$11 million (\$0.03 per

a change in PG&E NEG's mark-to-market methodology of \$6 million (\$0.02 per share); increase in tax benefits related to PG&E NEG's synthetic fuel investment tax credits of \$43 million (\$0.11 per share); and the change in the mark-to-market value of PG&E NEG warrants of \$42 million (\$0.11 per share).

Items impacting comparability for the year-to-date ending September 30, 2001 include undercollected electric procurement costs at the Utility of \$663 million (\$1.83 per share); additional interest costs resulting from California's electric industry of \$165 million (\$0.46 per share); costs associated with the termination of gas transportation hedges of \$66 million (\$0.18 per share); the net impacts associated with decisions issued by the CPUC on rehearings of the Utility's 1999 GRC of \$27 million (\$0.07 per share); and other costs related to the Utility's Chapter 11 filing of \$49 million (\$0.14 per share).