

Table 1: Earnings Summary
First Quarter 2005 vs. First Quarter 2004
(in millions except per share amounts)

	Earnings (Loss)		Earnings (Loss) per Common Share (Diluted)	
	Three months ended		Three months ended	
	March 31,		March 31,	
	2005	2004	2005	2004
Pacific Gas and Electric Company and Holding Company				
Pacific Gas and Electric Company ¹	\$ 227	\$ 180	\$ 0.56	\$ 0.42
Holding Company	(1)	(5)	-	(0.01)
Earnings from Operations	226	175	0.56	0.41
Items Impacting Comparability ²				
Implementation of Electric Industry Restructuring		2,950	-	6.96
Energy Crisis/Chapter 11 Interest Costs	(8)	(56)	(0.02)	(0.13)
Dividend Participation Rights	-	(19)	-	(0.05)
Other	-	(17)	-	(0.04)
Total	(8)	2,858	(0.02)	6.74
PG&E Corporation Earnings on a GAAP basis	<u>\$ 218</u>	<u>\$ 3,033</u>	<u>\$ 0.54</u>	<u>\$ 7.15</u>

¹ Earnings from operations exclude items impacting comparability as discussed below.

² Items impacting comparability reconcile earnings from operations with consolidated net income as reported in accordance with generally accepted accounting principles, or GAAP.

DISCUSSION:

1. Earnings from operations contributed by the Utility excludes items impacting comparability, as discussed below, totaling \$8 million (\$0.02 per common share) for the quarter ended March 31, 2005 and \$2,886 million (\$6.81 per common share) for the quarter ended March 31, 2004. On a GAAP basis, the Utility earned \$219 million for the three months ended March 31, 2005 and \$3,066 million for the three months ended March 31, 2004.
2. Items impacting comparability for the quarter ending March 31, 2005 include the net effect of incremental interest costs of \$8 million (\$0.02 per common share), after-tax, related to remaining generator disputed claims in the Utility's Chapter 11 proceeding, which are subject to resolution by bankruptcy court.
3. Items impacting comparability for the quarter ended March 31, 2004 include:
 - a. The Utility's recognition of a gain of approximately \$2,950 million (\$6.96 per common share) related to the establishment of regulatory assets contemplated in the December 19, 2003 settlement agreement, or Settlement Agreement, entered into between the Utility, PG&E Corporation and the California Public Utilities Commission, or CPUC, to resolve the Utility's Chapter 11 proceeding;
 - b. The net effect of incremental interest costs of \$52 million (\$0.12 per common share) from the increased amount and cost of debt resulting from the California energy crisis and the Utility's Chapter 11 filing;
 - c. Increased costs of \$4 million (\$0.01 per common share) related to the Chapter 11 filings of the Utility and National Energy & Gas Transmission, Inc., or NEGT. These costs generally consist of external legal consulting fees, financial advisory fees and other related costs and payments;
 - d. A change in the market value of non-cumulative dividend participation rights of \$19 million (\$0.05 per common share) related to the Holding Company's \$280 million of 9.5% Convertible Subordinated Notes; and
 - e. The Utility's recognition of \$17 million (\$0.04 per common share) in charges related to obligations to invest in clean energy technology and donate land, included in the Settlement Agreement.

**Table 2: Earning Per Common Share
First Quarter 2005 vs. First Quarter 2004
(\$/Share)**

Q1 2004 EPS from Operations ¹	\$0.41
Timing of 2003 GRC and attrition decision ²	0.15
Higher equity earnings on rate base ³	0.03
Fewer shares outstanding	0.02
Miscellaneous items	0.02
	<hr/> 0.22
Lower earnings on the settlement regulatory asset ⁴	(0.04)
Increased estimate of environmental remediation	(0.03)
	<hr/> (0.07)
Q1 2005 EPS from Operations ¹	\$0.56

¹ See Table 1 for a reconciliation of earnings per common share, or EPS, from operations to EPS on a GAAP basis.

² The CPUC issued a final decision in May 2004 that was retroactive to 2003. As a result, first quarter earnings in 2004 did not include 2003 GRC and 2004 attrition revenues.

³ The Utility's equity ratio reached its authorized level of 52% in January 2005, compared to approximately 48% during the first quarter 2004.

⁴ The Utility earned a return on the settlement regulatory asset only through February 10, 2005 (when the energy recovery bonds were issued to refinance the settlement regulatory asset) as compared to a full quarter in 2004.

Table 3: Share Statistics
First Quarter 2005 vs. First Quarter 2004
 (shares in millions except per share amounts)

Common Stock Data	First Quarter 2005	First Quarter 2004	% Change
Book value per share - end of period ¹	\$21.16	\$18.36	15.25%
Weighted average common shares outstanding, basic	388	393	-1.27%
Employee stock options, restricted stock, and PG&E Corporation shares held by grantor trusts	<u>4</u>	<u>12</u>	
Weighted average common shares outstanding, diluted	392	405	-3.21%
9.5% Convertible Subordinated Notes (participating securities)	<u>19</u>	<u>19</u>	
Weighted average common shares outstanding and participating securities, diluted	411	424	-3.07%

¹ Common shareholders equity per common share outstanding (excluding shares held by Elm Power Corporation, a wholly-owned subsidiary of PG&E Corporation) at period end.

Source: PG&E Corporation's Condensed Consolidated Financial Statements and the Notes thereto included in PG&E Corporation's and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Table 4: Pacific Gas and Electric Company Operating Statistics
First Quarter 2005 vs. First Quarter 2004

	First Quarter	
	2005	2004
<u>Electric Sales (in millions kWh)</u>		
Residential	7,442	7,422
Commercial	7,466	7,477
Industrial	3,455	3,355
Agricultural	471	497
BART, public street and highway lighting	193	115
Other electric utilities	7	4
Sales from Energy Deliveries	19,034	18,870
Total Electric Customers at March 31	4,958,963	4,880,134
<u>Bundled Gas Sales (in millions MCF) ¹</u>		
Residential	82	85
Commercial	26	27
Industrial	-	-
Total Bundled Gas Sales	108	112
Total Transportation Only ¹	133	144
Total Gas Sales	241	256
Total Gas Customers at March 31	4,132,323	4,057,499
<u>Sources of Electric Energy (in millions kWh)</u>		
Utility Generation		
Nuclear	4,653	4,322
Hydro (net)	2,947	3,095
Fossil	242	224
Total Utility Generation	7,842	7,641
Purchased Power		
Qualifying Facilities	4,354	4,673
Irrigation Districts	498	1,056
Other Purchased Power	154	172
Spot Market Purchases/Sales, net	(19)	1,193
Total Purchased Power	4,987	7,094
Delivery from DWR	5,044	4,561
Delivery to Direct Access Customers	2,102	2,101
Other (includes energy loss)	(941)	(2,527)
Total Electric Energy Delivered	19,034	18,870
<u>Diablo Canyon Performance</u>		
Overall capacity factor (including refuelings)	99%	91%
Refueling outage period	None	3/22/04-6/7/04
Refueling outage duration during the quarter (days)	-	9.0

¹ 2004 amounts have been converted from decatherms, or DTh, to millions cubic feet, or MCF to conform to the 2005 presentation.

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Table 5: 2005 Earnings per Common Share Guidance

	Low	High
EPS Guidance on an Earnings from Operations Basis	\$2.15	\$2.25
Items Impacting Comparability: ¹		
Incremental interest expense ²	(0.08)	(0.05)
EPS Guidance on a GAAP Basis	\$2.07	\$2.20

¹ The range of potential outcomes is developed using a range of dollar estimates and a range of estimated shares outstanding for the items presented.

² The net expense, after tax, related to remaining generator disputed claims in the Utility's Chapter 11 proceeding, which are subject to resolution in the bankruptcy court.

Table 6: 2006 Earnings per Common Share Guidance

	Low	High
EPS Guidance on an Earnings from Operations Basis	\$2.30	\$2.40
Items Impacting Comparability	0.00	0.00
EPS Guidance on a GAAP basis	\$2.30	\$2.40

Management's statements regarding 2005 and 2006 guidance for earnings from operations per share for PG&E Corporation constitute forward looking statements that are based on current expectations and assumptions which management believes are reasonable. These statements are necessarily subject to various risks and uncertainties. In addition to the risk that the assumptions on which the statements are based (including that the Utility earns an authorized return on equity of 11.22%, that the second series of energy recovery bonds is issued in late 2005, and that the Utility makes certain capital expenditures) prove to be inaccurate, many factors could cause actual results to differ materially from those contemplated by the forward-looking statements. These factors are noted in PG&E Corporation's and Pacific Gas and Electric Company's Current Report on Form 8-K dated May 4, 2005 and are discussed in their combined Annual Report on Form 10-K for the year ended December 31, 2004 and their Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Table 7: Rate Base - Pacific Gas and Electric Company
(in billions)

	2004 Actual	2005 Estimated	2006 Estimated
Total Weighted Average Rate Base	\$14.8	\$15.3	\$16.0

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Table 8: General Earnings Sensitivities for 2005
PG&E Corporation and Pacific Gas and Electric Company

Variable	Description of Change	Estimated Earnings Impact
Rate base	+/- \$100 million change in rate base ¹	+/- \$6 million
Return on equity (ROE)	+/- 0.1% change in allowed ROE	+/- \$8 million
Share count	+/- 1% change in average shares	+/- \$0.02 per share
Revenues	+/- \$7 million change in revenues (pre-tax), including Electric Transmission and California Gas Transmission	+/- \$0.01 per share

¹ Assuming 11.22% return on equity and equity ratio of 52%.

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Table 9: First Quarter 2005 Cash Flow Sources and Uses
PG&E Corporation Consolidated
(in millions)

Cash and Cash Equivalents, January 1, 2005	\$ 972
Sources of Cash	
Cash from operations	1,048
Debt issued	1,874
Common stock issued	120
Decrease in restricted cash	26
Net proceeds from sale of assets	11
Other, net	26
	\$ 3,105
Uses of Cash	
Capital expenditures	\$ 349
Net repayments under credit facilities and short-term borrowings	300
Long-term debt matured, redeemed, or repurchased	902
Rate reduction bonds matured	74
Preferred stock redeemed	2
Common stock repurchased	1,065
Preferred dividends paid	4
	\$ 2,696
Cash and Cash Equivalents, March 31, 2005	\$ 1,381

Source: PG&E Corporation's Condensed Consolidated Statements of Cash Flows included in PG&E Corporation's and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005

Table 10: Consolidated Cash Position
First Quarter 2005 vs. First Quarter 2004
(in millions)

	Cash as of March 31,		Change
	2005	2004	
Net Cash Flow from Operating Activities			
Holding Company ¹	\$ 13	\$ (122)	\$ 135
Pacific Gas and Electric Company	1,035	1,009	26
	<u>\$ 1,048</u>	<u>\$ 887</u>	<u>\$ 161</u>
Consolidated Cash Balance			
Holding Company ²	325	615	(290)
Pacific Gas and Electric Company ³	1,056	2,845	(1,789)
	<u>\$ 1,381</u>	<u>\$ 3,460</u>	<u>\$ (2,079)</u>
Consolidated Restricted Cash Balance			
Holding Company	1	363	(362)
Pacific Gas and Electric Company	1,857	7,446	(5,589)
	<u>\$ 1,858</u>	<u>\$ 7,809</u>	<u>\$ (5,951)</u>

¹ Reflects elimination of all inter-company transactions in consolidation.

² Includes Pacific Venture Capital cash balance.

³ These amounts do not include restricted cash. The Utility's restricted cash includes amounts deposited in escrow related to remaining disputed Chapter 11 claims, collateral required by the ISO and deposits under certain third party agreements.

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation's and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

PG&E Corporation

Table 11: Long-Term Debt
First Quarter 2005 vs. Year End 2004
(in millions)

	Balance at	
	March 31, 2005	December 31, 2004
PG&E Corporation		
Convertible subordinated notes, 9.50%, due 2010	\$ 280	\$ 280
Other long-term debt	-	1
Less: current portion	-	(1)
	\$ 280	\$ 280
Utility		
First Mortgage Bonds ¹		
3.26% to 6.05% bonds, due 2006-2034	\$ 5,300	\$ 6,200
Unamortized discount, net of premium	(17)	(17)
Total First Mortgage Bonds	5,283	6,183
Pollution control bond loan agreement, variable rates, due 2007	614	614
Pollution control bond loan agreements, 5.35%, due 2016	200	200
Pollution control bond loan agreements, 3.50%, due 2007	345	345
Pollution control bond reimbursement obligations, variable rates, due 2005	454	454
Other	3	4
Less: current portion	(457)	(757)
	6,442	7,043
Total consolidated long-term debt, net of current portion	\$ 6,722	\$ 7,323

¹ On April 22, 2005, the lien of the mortgage securing the First Mortgage Bonds was released and the First Mortgage Bonds were re-designated as senior unsecured notes.

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Table 12: Repayment Schedule and Interest Rates -- Long-Term Debt, Energy Recovery Bonds and Rate Reduction Bonds
(in millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Thereafter</u>	<u>Total</u>
Long-Term Debt							
PG&E Corporation							
Average fixed interest rates	-	-	-	-	-	9.50%	9.50%
Fixed rate obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280	\$ 280
Utility							
Average fixed interest rate	-	-	3.50%	-	3.60%	5.78%	5.43%
Fixed rate obligations	\$ -	\$ -	\$ 345	\$ -	\$ 600	\$ 4,683	\$ 5,628
Variable interest rate as of March 31, 2005	4.00%	3.26%	2.30%	-	-	-	-
Variable rate obligations	\$ 454	\$ 200	\$ 614	\$ -	\$ -	\$ -	\$ 1,268
Other	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 3
Total consolidated long-term debt	<u>\$ 456</u>	<u>\$ 201</u>	<u>\$ 959</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 4,963</u>	<u>\$ 7,179</u>
Energy Recovery Bonds & Rate Reduction Bonds							
Utility							
Average fixed interest rate	6.42%	6.44%	6.48%	-	-	-	6.45%
Rate reduction bonds	\$ 216	\$ 290	\$ 290	\$ -	\$ -	\$ -	\$ 796
Average fixed interest rate	3.32%	3.55%	3.87%	3.87%	4.05%	4.35%	4.02%
Energy recovery bonds	\$ 140	\$ 221	\$ 230	\$ 239	\$ 248	\$ 810	\$ 1,888

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

PG&E Corporation

Table 13: PG&E Corporation
Condensed Consolidated Statements of Income
(Unaudited)

(in millions, except per share amounts)	Three Months Ended March 31,	
	2005	2004
Operating Revenues		
Electric	\$ 1,660	\$ 1,791
Natural gas	1,009	931
Total operating revenues	<u>2,669</u>	<u>2,722</u>
Operating Expenses		
Cost of electricity	396	561
Cost of natural gas	620	578
Operating and maintenance	767	816
Recognition of regulatory assets	-	(4,900)
Depreciation, amortization and decommissioning	385	312
Reorganization professional fees and expenses	-	2
Total operating (gain) expenses	<u>2,168</u>	<u>(2,631)</u>
Operating Income	501	5,353
Reorganization interest income	-	8
Interest income	21	6
Interest expense	(161)	(231)
Other expense, net	(1)	(27)
Income Before Income Taxes	360	5,109
Income tax provision	142	2,076
Net Income	<u>\$ 218</u>	<u>\$ 3,033</u>
Weighted Average Common Shares Outstanding, Basic	<u>388</u>	<u>393</u>
Net Earnings Per Common Share, Basic	<u>\$ 0.55</u>	<u>\$ 7.36</u>
Net Earnings Per Common Share, Diluted	<u>\$ 0.54</u>	<u>\$ 7.15</u>
Dividends Declared Per Common Share	\$ 0.30	\$ -

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

**Table 14: PG&E Corporation
Condensed Consolidated Balance Sheets**

(in millions)	Balance At	
	March 31, 2005 (Unaudited)	December 31, 2004
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,381	\$ 972
Restricted cash	1,858	1,980
Accounts receivable:		
Customers (net of allowance for doubtful accounts of \$88 million in 2005 and \$93 million in 2004)	1,916	2,085
Regulatory balancing accounts	968	1,021
Inventories:		
Gas stored underground	83	175
Materials and supplies	131	129
Prepaid expenses and other	55	46
Total current assets	6,392	6,408
Property, Plant and Equipment		
Electric	21,689	21,519
Gas	8,574	8,526
Construction work in progress	518	449
Other	15	15
Total property, plant and equipment	30,796	30,509
Accumulated depreciation	(11,728)	(11,520)
Net property, plant and equipment	19,068	18,989
Other Noncurrent Assets		
Regulatory assets	6,412	6,526
Nuclear decommissioning funds	1,627	1,629
Other	938	988
Total other noncurrent assets	8,977	9,143
TOTAL ASSETS	\$ 34,437	\$ 34,540

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Table 14 (continued): PG&E Corporation
Condensed Consolidated Balance Sheets

(in millions)	Balance At	
	March 31, 2005 (Unaudited)	December 31, 2004
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ -	\$ 300
Long-term debt, classified as current	457	758
Rate reduction bonds, classified as current	290	290
Energy recovery bonds, classified as current	197	-
Accounts payable:		
Trade creditors	500	762
Disputed claims and customer refunds	2,142	2,142
Regulatory balancing accounts	574	369
Other	499	352
Interest payable	432	461
Income taxes payable	388	185
Deferred income taxes	374	394
Other	879	905
Total current liabilities	6,732	6,918
Noncurrent Liabilities		
Long-term debt	6,722	7,323
Rate reduction bonds	506	580
Energy recovery bonds	1,691	-
Regulatory liabilities	3,869	4,035
Asset retirement obligations	1,325	1,301
Deferred income taxes	3,490	3,531
Deferred tax credits	119	121
Preferred stock of subsidiary with mandatory redemption provisions (redeemable, 6.30% and 6.57%, outstanding 4,800,000 shares, due 2005-2009)	120	122
Other	1,756	1,690
Total noncurrent liabilities	19,598	18,703
Commitments and Contingencies (Notes 1, 2, and 7)		
Preferred Stock of Subsidiaries	286	286
Preferred Stock		
Preferred stock, no par value, 80,000,000 shares, \$100 par value, 5,000,000 shares, none issued	-	-
Common Shareholders' Equity		
Common stock, no par value, authorized 800,000,000 shares, issued 393,170,435 common and 1,400,062 restricted shares in 2005 and 417,014,431 common and 1,601,710 restricted shares in 2004	6,196	6,518
Common stock held by subsidiary, at cost, 24,665,500 shares	(718)	(718)
Unearned compensation	(31)	(26)
Accumulated earnings	2,379	2,863
Accumulated other comprehensive loss	(5)	(4)
Total common shareholders' equity	7,821	8,633
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 34,437	\$ 34,540

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Table 15: PG&E Corporation
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended March 31,	
	2005	2004
Cash Flows From Operating Activities		
Net income	\$ 218	\$ 3,033
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and decommissioning	385	312
Recognition of regulatory assets	-	(4,900)
Deferred income taxes and tax credits, net	(63)	1,926
Other deferred charges and noncurrent liabilities	(45)	237
Tax benefit on employee stock options exercises	25	-
Gain on sale of assets	-	(16)
Net effect of changes in operating assets and liabilities:		
Restricted cash	96	(128)
Accounts receivable	169	352
Inventories	90	82
Accounts payable	(115)	(257)
Accrued taxes	202	65
Regulatory balancing accounts, net	254	(53)
Other working capital	(182)	287
Payments authorized by the bankruptcy court on amounts classified as liabilities subject to compromise	-	(20)
Other, net	14	(33)
Net cash provided by operating activities	1,048	887
Cash Flows From Investing Activities		
Capital expenditures	(349)	(342)
Net proceeds from sale of assets	11	18
Decrease (Increase) in restricted cash	26	(6,917)
Other, net	26	(65)
Net cash used in investing activities	(286)	(7,306)
Cash Flows From Financing Activities		
Net repayments under credit facilities and short-term borrowings	(300)	-
Proceeds from issuance of long-term debt, net of issuance costs of \$153 million in 2004	-	6,547
Proceeds from issuance of energy recovery bonds, net of issuance costs of \$14 million in 2005	1,874	-
Long-term debt matured, redeemed or repurchased	(902)	(310)
Rate reduction bonds matured	(74)	(74)
Preferred stock with mandatory redemption provisions redeemed	(2)	-
Common stock issued	120	58
Common stock repurchased	(1,065)	-
Preferred dividends paid	(4)	-
Net cash (used in) provided by financing activities	(353)	6,221
Net change in cash and cash equivalents	409	(198)
Cash and cash equivalents at January 1	972	3,658
Cash and cash equivalents at March 31	\$1,381	\$3,460
Supplemental disclosures of cash flow information		
Cash received for:		
Reorganization interest income	\$ 6	\$ 8
Cash paid for:		
Interest (net of amounts capitalized)	267	197
Income taxes refunded, net	(14)	-
Reorganization professional fees and expenses	-	5
Supplemental disclosures of noncash investing and financing activities		
Common stock dividends declared but not yet paid	111	-
Transfer of liabilities and other payables subject to compromise to operating assets and liabilities	\$ -	\$ (257)

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

**Table 16: Pacific Gas and Electric Company
Condensed Consolidated Statements Of Income
(Unaudited)**

(in millions)	Three Months Ended March 31,	
	2005	2004
Operating Revenues		
Electric	\$ 1,660	\$ 1,791
Natural gas	1,009	931
Total operating revenues	2,669	2,722
Operating Expenses		
Cost of electricity	396	561
Cost of natural gas	620	578
Operating and maintenance	773	808
Recognition of regulatory assets	-	(4,900)
Depreciation, amortization and decommissioning	385	311
Reorganization professional fees and expenses	-	2
Total operating (gain) expenses	2,174	(2,640)
Operating Income	495	5,362
Reorganization interest income	-	8
Interest income	20	3
Interest expense	(154)	(213)
Other income, net	4	13
Income Before Income Taxes	365	5,173
Income tax provision	142	2,099
Net Income	223	3,074
Preferred dividend requirement	4	8
Income Available for Common Stock	\$ 219	\$ 3,066

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

**Table 17: Pacific Gas and Electric Company
Condensed Consolidated Balance Sheets**

(in millions)	Balance At	
	March 31, 2005 (Unaudited)	December 31, 2004
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,056	\$ 783
Restricted cash	1,857	1,980
Accounts receivable:		
Customers (net of allowance for doubtful accounts of \$88 million in 2005 and \$93 million in 2004)	1,916	2,085
Related parties	2	2
Regulatory balancing accounts	968	1,021
Inventories:		
Gas stored underground and fuel oil	83	175
Materials and supplies	131	129
Prepaid expenses and other	54	43
Total current assets	6,067	6,218
Property, Plant and Equipment		
Electric	21,689	21,519
Gas	8,574	8,526
Construction work in progress	518	449
Total property, plant and equipment	30,781	30,494
Accumulated depreciation	(11,715)	(11,507)
Net property, plant and equipment	19,066	18,987
Other Noncurrent Assets		
Regulatory assets	6,412	6,526
Nuclear decommissioning funds	1,627	1,629
Other	892	942
Total other noncurrent assets	8,931	9,097
TOTAL ASSETS	\$ 34,064	\$ 34,302

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Table 17 (continued): Pacific Gas and Electric Company
Condensed Consolidated Balance Sheets

(in millions)	Balance At	
	March 31, 2005 (Unaudited)	December 31, 2004
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short term borrowings	\$ -	\$ 300
Long-term debt, classified as current	457	757
Rate reduction bonds, classified as current	290	290
Energy recovery bonds, classified as current	197	-
Accounts payable:		
Trade creditors	500	762
Disputed claims and customer refunds	2,142	2,142
Related parties	20	20
Regulatory balancing accounts	574	369
Other	484	337
Interest payable	426	461
Income taxes payable	322	102
Deferred income taxes	351	377
Other	741	869
Total current liabilities	6,504	6,786
Noncurrent Liabilities		
Long-term debt	6,442	7,043
Rate reduction bonds	506	580
Energy recovery bonds	1,691	-
Regulatory liabilities	3,869	4,035
Asset retirement obligations	1,325	1,301
Deferred income taxes	3,587	3,629
Deferred tax credits	119	121
Preferred stock with mandatory redemption provisions (redeemable, 6.30% and 6.57%, outstanding 4,800,000 shares, due 2005-2009)	120	122
Other	1,625	1,555
Total noncurrent liabilities	19,284	18,386
Commitments and Contingencies (Notes 1, 2 and 7)		
Shareholders' Equity		
Preferred stock without mandatory redemption provisions:		
Nonredeemable, 5% to 6%, outstanding 5,784,825 shares	145	145
Redeemable, 4.36% to 7.04%, outstanding 5,973,456 shares	149	149
Common stock, \$5 par value, authorized 800,000,000 shares issued 299,291,477 shares	1,496	1,606
Common stock held by subsidiary, at cost, 19,481,213 shares	(475)	(475)
Additional paid-in capital	1,900	2,041
Reinvested earnings	5,066	5,667
Accumulated other comprehensive loss	(5)	(3)
Total shareholders' equity	8,276	9,130
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 34,064	\$ 34,302

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

**Table 18: Pacific Gas and Electric Company
Condensed Consolidated Statements of Cash Flows
(Unaudited)**

(in millions)	Three Months Ended March 31,	
	2005	2004
Cash Flows From Operating Activities		
Net income	\$ 223	\$ 3,074
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and decommissioning	385	311
Recognition of regulatory assets	-	(4,900)
Deferred income taxes and tax credits, net	(70)	2,014
Other deferred charges and noncurrent liabilities	(49)	279
Gain on sale of assets	-	(16)
Net effect of changes in operating assets and liabilities:		
Decrease (increase) in restricted cash	97	(126)
Accounts receivable	169	353
Inventories	90	82
Accounts payable	(115)	(256)
Accrued taxes	220	98
Regulatory balancing accounts, net	254	(53)
Other working capital	(179)	253
Payments authorized by the bankruptcy court on amounts classified as liabilities subject to compromise	-	(20)
Other, net	10	(84)
Net cash provided by operating activities	1,035	1,009
Cash Flows From Investing Activities		
Capital expenditures	(349)	(342)
Net proceeds from sale of assets	11	18
Decrease (increase) in restricted cash	26	(6,917)
Other, net	26	(65)
Net cash used in investing activities	(286)	(7,306)
Cash Flows From Financing Activities		
Net repayments under credit facilities and short-term borrowings	(300)	-
Proceeds from issuance of long-term debt, net of issuance costs of \$153 million in 2004	-	6,547
Proceeds from issuance of energy recovery bonds, net of issuance costs of \$14 million in 2005	1,874	-
Long-term debt matured, redeemed or repurchased	(900)	(310)
Rate reduction bonds matured	(74)	(74)
Common stock dividends paid	(110)	-
Preferred dividends paid	(4)	-
Preferred stock with mandatory redemption provisions redeemed	(2)	-
Common stock repurchased	(960)	-
Net cash (used in) provided by financing activities	(476)	6,163
Net change in cash and cash equivalents	273	(134)
Cash and cash equivalents at January 1	783	2,979
Cash and cash equivalents at March 31	\$ 1,056	\$ 2,845
Supplemental disclosures of cash flow information		
Cash received for:		
Reorganization interest income	\$ 6	\$ 8
Cash paid for:		
Interest (net of amounts capitalized)	169	175
Income taxes paid, net	-	-
Reorganization professional fees and expenses	-	5
Supplemental disclosures of noncash investing and financing activities		
Equity Contribution for Settlement of POR payable	-	(128)
Transfer of liabilities and other payables subject to compromise to operating assets and liabilities	\$ -	\$ (257)

Source: PG&E Corporation's and Pacific Gas and Electric Company's Condensed Consolidated Financial Statements and Notes thereto included in PG&E Corporation and Pacific Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.