

**Table 1: Earnings Summary**  
**Second Quarter and Year-to-Date, 2005 vs. 2004**  
(in millions, except per share amounts)

	<b>Three months ended June 30,</b>				<b>Six months ended June 30,</b>			
	<b>Earnings (Loss)</b>		<b>Earnings (Loss) per Common Share (Diluted)</b>		<b>Earnings (Loss)</b>		<b>Earnings (Loss) per Common Share (Diluted)</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b>Pacific Gas and Electric Company and Holding Company <sup>1</sup></b>								
Pacific Gas and Electric Company	\$ 266	\$ 307	\$ 0.70	\$ 0.72	\$ 494	\$ 488	\$ 1.25	\$ 1.15
Holding Company	(4)	(9)	(0.01)	(0.02)	(6)	(14)	(0.01)	(0.03)
Earnings from Operations	262	298	0.69	0.70	488	474	1.24	1.12
<b>Items Impacting Comparability <sup>2</sup></b>								
Implementation of Electric Industry Restructuring	-	-	-	-	-	2,950	-	6.96
2003 GRC Settlement	-	120	-	0.28	-	120	-	0.28
Energy Crisis/ Chapter 11 Interest Costs	5	(26)	0.01	(0.06)	(3)	(83)	(0.01)	(0.20)
Dividend Participation Rights	-	(20)	-	(0.04)	-	(39)	-	(0.09)
Other	-	-	-	-	-	(17)	-	(0.04)
Total	5	74	0.01	0.18	(3)	2,931	(0.01)	6.91
<b>PG&amp;E Corporation Earnings on a GAAP basis</b>	<b>\$ 267</b>	<b>\$ 372</b>	<b>\$ 0.70</b>	<b>\$ 0.88</b>	<b>\$ 485</b>	<b>\$ 3,405</b>	<b>\$ 1.23</b>	<b>\$ 8.03</b>

<sup>1</sup> Earnings from operations exclude items impacting comparability as noted in the following discussion.

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

## PG&E Corporation

### DISCUSSION ON TABLE 1:

1. Earnings from operations for PG&E Corporation excludes items impacting comparability, as discussed below. On a GAAP basis, PG&E Corporation earned \$267 million for the three months ended June 30, 2005 and \$372 million for the three months ended June 30, 2004. For the six months ended June 30, 2005, the Corporation earned \$485 million on a GAAP basis and \$3,405 million for the six months ended June 30, 2004.

On a GAAP basis, the Utility earned \$272 million for the three months ended June 30, 2005 and \$408 million for the three months ended June 30, 2004. For the six months ended June 30, 2005, the Utility earned \$491 million on a GAAP basis and \$3,474 million for the six months ended June 30, 2004.

2. Items impacting comparability for the three months ended June 30, 2005 include the recovery of net incremental interest costs incurred by the Utility after February 10, 2005, the date of issuance of the first series of Energy Recovery Bonds, of approximately \$5 million (\$0.01 per common share), after-tax, related to remaining generator disputed claims in the Utility's Chapter 11 proceeding. These costs are now recoverable as a result of a California Public Utilities Commission, or CPUC, decision on May 4, 2005.
3. Items impacting comparability for the three months ended June 30, 2004 include:
  - a) The Utility's recognition of a gain of approximately \$120 million (\$0.28 per common share), after-tax, related to the 2003 impact and regulatory asset recognition resulting from the CPUC decision in the Utility's 2003 General Rate Case, or GRC decision, on May 27, 2004;
  - b) The net effect of incremental interest costs of \$20 million (\$0.05 per common share), after-tax, 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 \$6 million (\$0.01 per common share), after-tax, 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; and
  - d) A change in the market value of non-cumulative dividend participation rights of \$20 million (\$0.04 per common share), after-tax, related to the Holding Company's \$280 million of 9.5% Convertible Subordinated Notes.
4. Items impacting comparability for the six months ended June 30, 2005 include the net effect of incremental interest costs of approximately \$3 million (\$0.01 per common share), after-tax incurred by the Utility through February 10, 2005 and related to generator disputed claims in the Utility's Chapter 11 proceeding, which are not considered recoverable.
5. Items impacting comparability for the six months ended June 30, 2004 include:
  - a) The Utility's recognition of a gain of approximately \$2,950 million (\$6.96 per common share), after-tax, 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 Utility's recognition of a gain of approximately \$120 million (\$0.28 per common share), after-tax, related to the 2003 impact and regulatory asset recognition resulting from the CPUC decision in the Utility's 2003 GRC decision on May 27, 2004;
  - c) The net effect of incremental interest costs of \$73 million (\$0.17 per common share), after-tax, from the increased amount and cost of debt resulting from the California energy crisis and the Utility's Chapter 11 filing;
  - d) Increased costs of \$10 million (\$0.03 per common share), after-tax, 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;
  - e) A change in the market value of non-cumulative dividend participation rights of \$39 million (\$0.09 per common share), after-tax, related to the Holding Company's \$280 million of 9.5% Convertible Subordinated Notes; and
  - f) The Utility's recognition of \$17 million (\$0.04 per common share), after-tax, in charges related to obligations to invest in clean energy technology and donate land, included in the Settlement Agreement.

**Table 2: Earnings Per Common Share from Operations**  
**Second Quarter 2005 vs. Second Quarter 2004**  
 (\$/Share)

<b>Q2 2004 EPS from Operations</b> <sup>1</sup>	<b>\$ 0.70</b>
2004 Diablo Canyon refueling outage	0.04
Higher equity earnings on rate base <sup>2</sup>	0.02
Fewer shares outstanding	0.08
Lower interest and other expenses at Holding Company	0.02
Electric transmission contract settlements	0.03
Miscellaneous items	0.03
	<u>0.22</u>
Prior-period portion of 2003 GRC and 2004 attrition <sup>3</sup>	(0.16)
Elimination of earnings on the settlement regulatory asset <sup>4</sup>	(0.07)
	<u>(0.23)</u>
<b>Q2 2005 EPS from Operations</b> <sup>1</sup>	<b>\$ <u>0.69</u></b>

**Table 3: Earnings Per Common Share from Operations**  
**Year-to-Date 2005 vs. Year-to-Date 2004**  
 (\$/Share)

<b>Q2 2004 YTD EPS from Operations</b> <sup>1</sup>	<b>\$ 1.12</b>
2004 Diablo Canyon refueling outage	0.05
Higher equity earnings on rate base <sup>2</sup>	0.05
Fewer shares outstanding	0.09
Lower interest and other expenses at Holding Company	0.03
Electric transmission contract settlements	0.03
Miscellaneous items	0.03
	<u>0.28</u>
Prior-period portion of 2003 GRC and 2004 attrition <sup>3</sup>	(0.01)
Elimination of earnings on the settlement regulatory asset <sup>4</sup>	(0.12)
Increased estimate of environmental remediation	(0.03)
	<u>(0.16)</u>
<b>Q2 2005 YTD EPS from Operations</b> <sup>1</sup>	<b>\$ <u>1.24</u></b>

1. See Table 1 for a reconciliation of earnings per common share, or EPS, from operations to EPS on a GAAP basis.
2. The Utility's equity ratio reached its authorized level of 52% in January 2005, compared to approximately 48% and 49% during the first and second quarters of 2004, respectively.
3. The CPUC issued a final decision in May 2004 that was retroactive to 2003. As a result, second quarter earnings from operations in 2004 included two quarters of 2003 GRC and 2004 attrition revenues.
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 two full quarters in 2004.

**Table 4: Share Statistics**  
**Second Quarter 2005 vs. Second Quarter 2004**  
 (shares in millions, except per share amounts)

	Second Quarter 2005	Second Quarter 2004	% Change
<b>Common Stock Data</b>			
Book Value per share - end of period <sup>1</sup>	\$ 21.64	\$ 19.30	12.12%
Weighted Average common shares outstanding, basic	370	397	-6.80%
Employee share-based compensation and warrants <sup>2</sup>	4	9	-55.55%
Weighted average common shares outstanding, diluted	374	406	-7.88%
9.5% Convertible Subordinated Notes (participating securities)	19	19	-
Weighted average common shares outstanding and participating securities, diluted	393	425	-7.53%

<sup>1</sup>. 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.

<sup>2</sup>. Includes a rounding reduction of approximately \$1 million common shares.

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 June 30, 2005.

**Table 5: Pacific Gas and Electric Company Operating Statistics  
 Second Quarter and Year-to-Date, 2005 vs. 2004**

	Three Months Ending June 30		Six Months Ending June 30	
	2005	2004	2005	2004
<b><u>Electric Sales (in millions kWh)</u></b>				
Residential	6,633	6,544	14,075	13,966
Commercial	7,827	7,849	15,293	15,326
Industrial	3,712	3,809	7,167	7,164
Agricultural	849	1,182	1,320	1,679
BART, public street and highway lighting	198	125	391	240
Other electric utilities	13	2	20	6
<b>Sales from Energy Deliveries</b>	<b>19,232</b>	<b>19,511</b>	<b>38,266</b>	<b>38,381</b>
<b>Total Electric Customers at June 30</b>			<b>4,972,895</b>	<b>4,899,119</b>
<b><u>Bundled Gas Sales (in millions MCF)</u></b>				
Residential	41	35	123	120
Commercial	18	16	44	43
Industrial	-	-	-	-
<b>Total Bundled Gas Sales</b>	<b>59</b>	<b>51</b>	<b>167</b>	<b>163</b>
<b>Transportation Only</b>	<b>101</b>	<b>131</b>	<b>234</b>	<b>275</b>
<b>Total Gas Sales</b>	<b>160</b>	<b>182</b>	<b>401</b>	<b>438</b>
<b>Total Gas Customers at June 30</b>			<b>4,142,460</b>	<b>4,067,498</b>
<b><u>Sources of Electric Energy (in millions kWh)</u></b>				
Utility Generation				
Nuclear	4,774	2,786	9,427	7,108
Hydro (net)	3,693	2,462	6,640	5,557
Fossil	324	215	566	439
<b>Total Utility Generation</b>	<b>8,791</b>	<b>5,463</b>	<b>16,633</b>	<b>13,104</b>
Purchased Power				
Qualifying Facilities	4,585	4,633	8,939	9,306
Irrigation Districts	1,504	1,230	2,002	2,286
Other Purchased Power	257	203	411	375
Spot Market Purchases/Sales, net	(1,192)	3,028	(1,211)	4,221
<b>Total Purchased Power</b>	<b>5,154</b>	<b>9,094</b>	<b>10,141</b>	<b>16,188</b>
Delivery from DWR	4,525	4,503	9,569	9,064
Delivery to Direct Access Customers	2,224	2,291	4,326	4,391
Others (includes energy loss)	(1,462)	(1,840)	(2,403)	(4,366)
<b>Total Electric Energy Delivered</b>	<b>19,232</b>	<b>19,511</b>	<b>38,266</b>	<b>38,381</b>
<b><u>Diablo Canyon Performance</u></b>				
Overall capacity factor (including refuelings)	101%	59%	100%	75%
Refueling outage period	None	4/1-6/7	None	3/22-6/7
Refueling outage duration during the period (days)	None	68.5	None	77.5

**Table 6: 2005 Earnings per Common Share Guidance**

	<b>Low</b>	<b>High</b>
Total EPS from Operations	<u>\$2.20</u>	<u>\$2.30</u>
Estimated Items Impacting Comparability:		
Incremental interest expense <sup>1</sup>	<u>(0.01)</u>	<u>(0.01)</u>
Total EPS on a GAAP Basis	<u><u>\$2.19</u></u>	<u><u>\$2.29</u></u>

<sup>1</sup> The net effect of incremental interest costs incurred by the Utility through February 10, 2005 and related to generator disputed claims in the Utility's Chapter 11 proceeding, which are not considered recoverable.

**Table 7: 2006 Earnings per common Share Guidance**

	<b>Low</b>	<b>High</b>
Total EPS from Operations	<u>\$2.35</u>	<u>\$2.45</u>
Estimated Items Impacting Comparability:		
0.00	<u>0.00</u>	<u>0.00</u>
Total EPS on a GAAP Basis	<u><u>\$2.35</u></u>	<u><u>\$2.45</u></u>

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 November 2005 in the approximate amount of \$800 million, and that the Utility makes certain capital expenditures, and that PG&E Corporation repurchases additional shares of its common stock) 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 August 3, 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 June 30, 2005.

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**Table 8: Rate Base - Pacific Gas and Electric Company  
(in billions)**

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	<b>2004 Recorded</b>	<b>2005 Estimated</b>	<b>2006 Estimated</b>
Total Weighted Average Rate Base	\$14.8	\$15.2	\$16.0

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**Table 9: General Earnings Sensitivities for 2005**  
**PG&E Corporation and Pacific Gas and Electric Company**

<b>Variable</b>	<b>Description of Change</b>	<b>Estimated Earnings Impact</b>
Rate base	+/- \$100 million change in rate base <sup>1</sup>	+/- \$6 million
Return on equity (ROE)	+/- 0.1% change in earned 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

<sup>1</sup> Assumes earning 11.22% on equity portion (52%).

**Table 10: Cash Flow Sources and Uses**  
**Year-to-Date 2005**  
**PG&E Corporation Consolidated**

<b>Cash and Cash Equivalents, January 1, 2005</b>	<b>\$ 972</b>
<b>Sources of Cash</b>	
Cash from operations	\$ 1,583
Debt issued	451
Common stock issued	190
Decrease in restricted cash	321
Net proceeds from sale of assets	17
Proceeds from issuance of energy recovery bonds, net	1,874
Other, net	12
	<b>\$ 4,448</b>
<b>Uses of Cash</b>	
Capital expenditures	\$ 803
Repayments under credit facilities and short-term borrowings	300
Long-term debt matured, redeemed, or repurchased	1,356
Rate reduction bonds matured	141
Energy recovery bonds matured	14
Preferred stock with mandatory redemption provisions redeemed	122
Common stock repurchased	1,065
Preferred dividends paid	8
Common stock dividends paid	111
Other, net	6
	<b>\$ 3,926</b>
<b>Cash and Cash Equivalents, June 30, 2005</b>	<b>\$ 1,494</b>

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 June 30, 2005.

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**Table 11: Consolidated Cash Position**  
**2005 vs. 2004**  
(in millions)

	<u>2005</u>	<u>2004</u>	<u>Change</u>
<b>Cash Flow from Operating Activities (YTD June 30)</b>			
Holding Company	\$ (21)	\$ 91	\$ (112)
Pacific Gas and Electric Company	1,604	527	1,077
	<u>\$ 1,583</u>	<u>\$ 618</u>	<u>\$ 965</u>
<b>Consolidated Cash Balance (at June 30)</b>			
Holding Company	\$ 354	\$ 867	\$ (513)
Pacific Gas and Electric Company	1,140	553	587
	<u>\$ 1,494</u>	<u>\$ 1,420</u>	<u>\$ 74</u>
<b>Consolidated Restricted Cash Balance (at June 30)</b>			
Holding Company	\$ -	\$ 361	\$ (361)
Pacific Gas and Electric Company	1,659	2,144	(485)
	<u>\$ 1,659</u>	<u>\$ 2,505</u>	<u>\$ (846)</u>

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

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**Table 12: Long-Term Debt**  
**Second Quarter 2005 vs. Year-End 2004**  
(in millions)

(in millions)	Balance At	
	June 30, 2005	December 31, 2004
Convertible subordinated notes, 9.50%, due 2010	\$ 280	\$ 280
Other long-term debt	-	1
Less: current portion	-	(1)
	<u>280</u>	<u>280</u>
<b>Utility</b>		
First mortgage bonds/senior notes		
3.60% to 6.05% bonds, due 2006-2034	5,300	6,200
Unamortized discount, net of premium	(17)	(17)
Total first mortgage bonds/senior notes	<u>5,283</u>	<u>6,183</u>
Pollution control bond loan agreements, variable rates, due 2026	614	614
Pollution control bond loan agreement, 5.35%, due 2016	200	200
Pollution control bond loan agreements, 3.50%, due 2007	345	345
Pollution control bond loan agreements, variable rates, due 2016-2026	454	-
Pollution control bond reimbursement obligations, variable rates, due 2005	-	454
Other	3	4
Less: current portion	(202)	(757)
	<u>6,697</u>	<u>7,043</u>
	<u>\$ 6,977</u>	<u>\$ 7,323</u>

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 13: Repayment Schedule and Interest Rates -- Long-Term Debt, Energy Recovery Bonds and Rate Reduction Bonds**  
(in millions, except interest rates)

(in millions)	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Thereafter</u>	<u>Total</u>
<b>Long-term debt:</b>							
<b>PG&amp;E Corporation</b>							
Average fixed interest rate	-	-	-	-	-	9.50%	9.50%
Fixed rate obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280	\$ 280
<b>Utility</b>							
Average fixed interest rate	-	-	3.50%	-	3.60%	5.56%	5.22%
Fixed rate obligations	\$ -	\$ -	\$ 345	\$ -	\$ 600	\$ 4,683	\$ 5,628
Variable interest rate as of June 30, 2005	3.82%	-	-	-	-	2.33%	2.57%
Variable rate obligations	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 1,068	\$ 1,268
Other	<u>2</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
<b>Total consolidated long-term debt</b>	<u>\$ 202</u>	<u>\$ 1</u>	<u>\$ 345</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 6,031</u>	<u>\$ 7,179</u>
<b>Energy Recovery Bonds &amp; Rate Reduction Bonds:</b>							
<b>Utility</b>							
Average fixed interest rate	6.42%	6.44%	6.48%	-	-	-	6.45%
Rate reduction bonds	\$ 149	\$ 290	\$ 290	\$ -	\$ -	\$ -	\$ 729
Average fixed interest rate	3.32%	3.55%	3.87%	3.87%	4.05%	4.35%	4.03%
Energy recovery bonds	\$ 126	\$ 221	\$ 230	\$ 239	\$ 248	\$ 810	\$ 1,874

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 14: PG&E Corporation**  
**Condensed Consolidated Statements of Income**  
(Unaudited)

(in millions, except per share amounts)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
<b>Operating Revenues</b>				
Electric	\$ 1,780	\$ 2,063	\$ 3,439	\$ 3,851
Natural gas	718	686	1,727	1,617
<b>Total operating revenues</b>	<u>2,498</u>	<u>2,749</u>	<u>5,166</u>	<u>5,468</u>
<b>Operating Expenses</b>				
Cost of electricity	487	685	884	1,254
Cost of natural gas	347	278	967	857
Operating and maintenance	670	757	1,436	1,576
Recognition of regulatory assets	-	-	-	(4,900)
Depreciation, amortization and decommissioning	454	353	839	651
Reorganization professional fees and expenses	-	4	-	6
<b>Total operating (gain) expenses</b>	<u>1,958</u>	<u>2,077</u>	<u>4,126</u>	<u>(556)</u>
<b>Operating Income</b>	540	672	1,040	6,024
Reorganization interest income	-	-	-	8
Interest income	16	25	37	31
Interest expense	(131)	(176)	(292)	(406)
Other expense, net	(2)	(14)	(3)	(41)
<b>Income Before Income Taxes</b>	423	507	782	5,616
Income tax provision	156	135	297	2,211
<b>Net Income</b>	<u>\$ 267</u>	<u>\$ 372</u>	<u>\$ 485</u>	<u>\$ 3,405</u>
<b>Weighted Average Common Shares Outstanding, Basic</b>	<u>370</u>	<u>397</u>	<u>379</u>	<u>395</u>
<b>Net Earnings Per Common Share, Basic</b>	<u>\$ 0.70</u>	<u>\$ 0.89</u>	<u>\$ 1.25</u>	<u>\$ 8.22</u>
<b>Net Earnings Per Common Share, Diluted</b>	<u>\$ 0.70</u>	<u>\$ 0.88</u>	<u>\$ 1.23</u>	<u>\$ 8.03</u>
<b>Dividends Declared Per Common Share</b>	\$ 0.30	\$ -	\$ 0.60	\$ -

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 15: PG&E Corporation  
Condensed Consolidated Balance Sheets**

(in millions)	Balance At	
	June 30, 2005 (Unaudited)	December 31, 2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,494	\$ 972
Restricted cash	1,659	1,980
Accounts receivable:		
Customers (net of allowance for doubtful accounts of \$91 million in 2005 and \$93 million in 2004)	2,029	2,085
Regulatory balancing accounts	859	1,021
Inventories:		
Gas stored underground	175	175
Materials and supplies	137	129
Prepaid expenses and other	72	46
<b>Total current assets</b>	<u>6,425</u>	<u>6,408</u>
<b>Property, Plant and Equipment</b>		
Electric	21,975	21,519
Gas	8,663	8,526
Construction work in progress	533	449
Other	15	15
<b>Total property, plant and equipment</b>	<u>31,186</u>	<u>30,509</u>
Accumulated depreciation	(11,891)	(11,520)
<b>Net property, plant and equipment</b>	<u>19,295</u>	<u>18,989</u>
<b>Other Noncurrent Assets</b>		
Regulatory assets	6,236	6,526
Nuclear decommissioning funds	1,659	1,629
Other	802	988
<b>Total other noncurrent assets</b>	<u>8,697</u>	<u>9,143</u>
<b>TOTAL ASSETS</b>	<u>\$ 34,417</u>	<u>\$ 34,540</u>

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 15 (continued): PG&E Corporation**  
**Condensed Consolidated Balance Sheets**

(in millions, except share amounts)	Balance At	
	June 30, 2005 (Unaudited)	December 31, 2004
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term borrowings	\$ -	\$ 300
Long-term debt, classified as current	202	758
Rate reduction bonds, classified as current	290	290
Energy recovery bonds, classified as current	232	-
Accounts payable:		
Trade creditors	488	762
Disputed claims and customer refunds	1,810	2,142
Regulatory balancing accounts	1,150	369
Other	420	352
Interest payable	427	461
Income taxes payable	339	185
Deferred income taxes	357	394
Other	856	905
<b>Total current liabilities</b>	<b>6,571</b>	<b>6,918</b>
<b>Noncurrent Liabilities</b>		
Long-term debt	6,977	7,323
Rate reduction bonds	439	580
Energy recovery bonds	1,642	-
Regulatory liabilities	3,797	4,035
Asset retirement obligations	1,347	1,301
Deferred income taxes	3,457	3,531
Deferred tax credits	117	121
Preferred stock of subsidiary with mandatory redemption provisions (redeemable, 6.30% and 6.57%, no shares outstanding at June 30, 2005, 4,925,000 shares outstanding at December 31, 2004)	-	122
Other	1,720	1,690
<b>Total noncurrent liabilities</b>	<b>19,496</b>	<b>18,703</b>
<b>Commitments and Contingencies</b>		
<b>Preferred Stock of Subsidiaries</b>	<b>286</b>	<b>286</b>
<b>Preferred Stock</b>		
Preferred stock, no par value, 80,000,000 shares, \$100 par value, 5,000,000 shares, none issued	-	-
<b>Common Shareholders' Equity</b>		
Common stock, no par value, authorized 800,000,000 shares, issued 396,118,663 common and 1,390,388 restricted shares in 2005 and 417,014,431 common and 1,601,710 restricted shares in 2004	6,282	6,518
Common stock held by subsidiary, at cost, 24,665,500 shares	(718)	(718)
Unearned compensation	(28)	(26)
Accumulated earnings	2,533	2,863
Accumulated other comprehensive loss	(5)	(4)
<b>Total common shareholders' equity</b>	<b>8,064</b>	<b>8,633</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 34,417</b>	<b>\$ 34,540</b>

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 16: PG&E Corporation**  
**Condensed Consolidated Statement of Cash Flows**  
**(Unaudited)**

(in millions)	Six Months Ended June 30,	
	2005	2004
Net income	\$ 485	\$ 3,405
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and decommissioning	839	651
Recognition of regulatory assets	-	(4,900)
Deferred income taxes and tax credits, net	(115)	2,053
Other deferred charges and noncurrent liabilities	(75)	12
Tax benefit on employee stock options exercises	37	-
Gain on sale of assets	-	(18)
Net effect of changes in operating assets and liabilities:		
Short-term investments	(6)	-
Accounts receivable	56	(8)
Inventories	(8)	5
Accounts payable	(221)	170
Accrued taxes	153	284
Regulatory balancing accounts, net	565	(440)
Other working capital	(164)	560
Payments authorized by the bankruptcy court on amounts classified as liabilities subject to compromise	-	(1,022)
Other, net	37	(134)
<b>Net cash provided by operating activities</b>	<b>1,583</b>	<b>618</b>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(803)	(737)
Net proceeds from sale of assets	17	25
Decrease (increase) in restricted cash	321	(1,741)
Other, net	12	(54)
<b>Net cash used in investing activities</b>	<b>(453)</b>	<b>(2,507)</b>
<b>Cash Flows From Financing Activities</b>		
Repayments under credit facilities and short-term borrowings	(300)	-
Proceeds from issuance of long-term debt, net of issuance costs of \$3 million in 2005 and \$153 million in 2004	451	6,892
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	(1,356)	(7,098)
Rate reduction bonds matured	(141)	(141)
Energy recovery bonds matured	(14)	-
Preferred stock with mandatory redemption provisions redeemed	(122)	(11)
Common stock issued	190	97
Common stock repurchased	(1,065)	-
Preferred dividends paid	(8)	(88)
Common stock dividends paid	(111)	-
Other	(6)	-
<b>Net cash used in financing activities</b>	<b>(608)</b>	<b>(349)</b>
<b>Net change in cash and cash equivalents</b>	<b>522</b>	<b>(2,238)</b>
<b>Cash and cash equivalents at January 1</b>	<b>972</b>	<b>3,658</b>
<b>Cash and cash equivalents at June 30</b>	<b>\$ 1,494</b>	<b>\$ 1,420</b>

**Table 16 (continued): PG&E Corporation**  
**Condensed Consolidated Statement of Cash Flows**  
**(Unaudited)**

**Supplemental disclosures of cash flow information**

Cash received for:

Reorganization interest income	\$	-	\$	11
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Cash paid for:

Interest (net of amounts capitalized)		217		351
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Income taxes paid, net		241		48
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Reorganization professional fees and expenses		-		17
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**Supplemental disclosures of noncash investing and financing activities**

Common stock dividends declared but not yet paid	\$	112	\$	-
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Transfer of liabilities and other payables subject to compromise to operating assets and liabilities		-		(2,877)
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Transfer of disputed claims and customer refunds and interest payable to accounts payable – regulatory balancing accounts		(378)		-
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Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 17: Pacific Gas and Electric Company  
Condensed Consolidated Statements of Income**

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
<b>Operating Revenues</b>				
Electric	\$ 1,780	\$ 2,063	\$ 3,439	\$ 3,851
Natural gas	718	686	1,727	1,617
<b>Total operating revenues</b>	<u>2,498</u>	<u>2,749</u>	<u>5,166</u>	<u>5,468</u>
<b>Operating Expenses</b>				
Cost of electricity	487	685	884	1,254
Cost of natural gas	347	278	967	857
Operating and maintenance	670	748	1,441	1,557
Recognition of regulatory assets	-	-	-	(4,900)
Depreciation, amortization and decommissioning	454	352	839	650
Reorganization professional fees and expenses	-	4	-	6
<b>Total operating (gain) expenses</b>	<u>1,958</u>	<u>2,067</u>	<u>4,131</u>	<u>(576)</u>
<b>Operating Income</b>	540	682	1,035	6,044
Reorganization interest income	-	-	-	8
Interest income	20	23	39	26
Interest expense	(124)	(158)	(278)	(372)
Other income, net	6	24	12	38
<b>Income Before Income Taxes</b>	442	571	808	5,744
Income tax provision	166	159	309	2,258
<b>Net Income</b>	276	412	499	3,486
Preferred dividend requirement	4	4	8	12
<b>Income Available for Common Stock</b>	<u>\$ 272</u>	<u>\$ 408</u>	<u>\$ 491</u>	<u>\$ 3,474</u>

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 18: Pacific Gas and Electric Company  
Condensed Consolidated Balance Sheets**

(in millions)	Balance At	
	June 30, 2005 (Unaudited)	December 31, 2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,140	\$ 783
Restricted cash	1,659	1,980
Accounts receivable:		
Customers (net of allowance for doubtful accounts of \$91 million in 2005 and \$93 million in 2004)	2,029	2,085
Related parties	2	2
Regulatory balancing accounts	859	1,021
Inventories:		
Gas stored underground and fuel oil	175	175
Materials and supplies	137	129
Prepaid expenses and other	68	43
<b>Total current assets</b>	<b>6,069</b>	<b>6,218</b>
<b>Property, Plant and Equipment</b>		
Electric	21,975	21,519
Gas	8,663	8,526
Construction work in progress	533	449
<b>Total property, plant and equipment</b>	<b>31,171</b>	<b>30,494</b>
Accumulated depreciation	(11,877)	(11,507)
<b>Net property, plant and equipment</b>	<b>19,294</b>	<b>18,987</b>
<b>Other Noncurrent Assets</b>		
Regulatory assets	6,236	6,526
Nuclear decommissioning funds	1,659	1,629
Other	755	942
<b>Total other noncurrent assets</b>	<b>8,650</b>	<b>9,097</b>
<b>TOTAL ASSETS</b>	<b>\$ 34,013</b>	<b>\$ 34,302</b>

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 18 (continued): Pacific Gas and Electric Company**  
**Condensed Consolidated Balance Sheets**

(in millions, except share amounts)	Balance At	
	June 30, 2005 (Unaudited)	December 31, 2004
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short term borrowings	\$ -	\$ 300
Long-term debt, classified as current	202	757
Rate reduction bonds, classified as current	290	290
Energy recovery bonds, classified as current	232	-
Accounts payable:		
Trade creditors	488	762
Disputed claims and customer refunds	1,810	2,142
Related parties	28	20
Regulatory balancing accounts	1,150	369
Other	408	337
Interest payable	427	461
Income taxes payable	290	102
Deferred income taxes	334	377
Other	714	869
<b>Total current liabilities</b>	<u>6,373</u>	<u>6,786</u>
<b>Noncurrent Liabilities</b>		
Long-term debt	6,697	7,043
Rate reduction bonds	439	580
Energy recovery bonds	1,642	-
Regulatory liabilities	3,797	4,035
Asset retirement obligations	1,347	1,301
Deferred income taxes	3,573	3,629
Deferred tax credits	117	121
Preferred stock with mandatory redemption provisions (redeemable, 6.30% and 6.57%, no shares outstanding)	-	122
Other	1,589	1,555
<b>Total noncurrent liabilities</b>	<u>19,201</u>	<u>18,386</u>
<b>Commitments and Contingencies</b>		
<b>Shareholders' Equity</b>		
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	1,901	2,041
Reinvested earnings	5,228	5,667
Accumulated other comprehensive loss	(5)	(3)
<b>Total shareholders' equity</b>	<u>8,439</u>	<u>9,130</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 34,013</u>	<u>\$ 34,302</u>

Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.

**Table 19: Pacific Gas and Electric Company**  
**Condensed Consolidated Statement of Cash Flows**  
**(Unaudited)**

(in millions)	Six Months Ended	
	June 30,	
	2005	2004
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 499	\$ 3,486
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and decommissioning	839	650
Recognition of regulatory assets	-	(4,900)
Deferred income taxes and tax credits, net	(103)	2,105
Other deferred charges and noncurrent liabilities	(83)	79
Gain on sale of assets	(1)	(18)
Net effect of changes in operating assets and liabilities:		
Accounts receivable	56	(35)
Inventories	(8)	5
Accounts payable	(222)	170
Accrued taxes	188	288
Regulatory balancing accounts, net	565	(440)
Other working capital	(144)	287
Payments authorized by the bankruptcy court on amounts classified as liabilities subject to compromise	-	(1,022)
Other, net	18	(128)
<b>Net cash provided by operating activities</b>	<u>1,604</u>	<u>527</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(803)	(737)
Net proceeds from sale of assets	17	25
Decrease (increase) in restricted cash	321	(1,741)
Other, net	12	(54)
<b>Net cash used in investing activities</b>	<u>(453)</u>	<u>(2,507)</u>
<b>Cash Flows From Financing Activities</b>		
Repayments under credit facilities and short-term borrowings	(300)	-
Proceeds from issuance of long-term debt, net of issuance costs of \$3 million in 2005 and \$153 million in 2004	451	6,892
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	(1,354)	(7,098)
Rate reduction bonds matured	(141)	(141)
Energy recovery bonds matured	(14)	-
Common stock dividends paid	(220)	-
Preferred dividends paid	(8)	(88)
Preferred stock with mandatory redemption provisions redeemed	(122)	(11)
Common stock repurchased	(960)	-
<b>Net cash used in financing activities</b>	<u>(794)</u>	<u>(446)</u>
<b>Net change in cash and cash equivalents</b>	357	(2,426)
<b>Cash and cash equivalents at January 1</b>	783	2,979
<b>Cash and cash equivalents at June 30</b>	<u>\$ 1,140</u>	<u>\$ 553</u>

**Table 19 (continued): Pacific Gas and Electric Company**  
**Condensed Consolidated Statement of Cash Flows**  
**(Unaudited)**

**Supplemental disclosures of cash flow information**

Cash received for:

Reorganization interest income	\$ -	\$ 11
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Cash paid for:

Interest (net of amounts capitalized)	204	315
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Income taxes paid, net	237	-
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Reorganization professional fees and expenses	-	17
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**Supplemental disclosures of noncash investing and financing activities**

Equity contribution for settlement of POR payable	\$ -	\$ (128)
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Transfer of liabilities and other payables subject to compromise to operating assets and liabilities	-	(2,877)
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Transfer of disputed claims and customer refunds and interest payable to accounts payable – regulatory balancing accounts	(378)	-
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Source: PG&E Corporation's and Pacific Gas and Electric'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 June 30, 2005.