

PG&E Corporation
Condensed Consolidated Statements of Income
(in millions, except per share amounts)
(Unaudited)

| | Three Months Ended March 31, | |
|---------------------------------------------------|------------------------------|---------------|
| | 2006 | 2005 |
| Operating Revenues | | |
| Electric | \$1,863 | \$1,660 |
| Natural gas | 1,285 | 1,009 |
| Total operating revenues | <u>3,148</u> | <u>2,669</u> |
| Operating Expenses | | |
| Cost of electricity | 530 | 396 |
| Cost of natural gas | 873 | 620 |
| Operating and maintenance | 862 | 767 |
| Depreciation, amortization and decommissioning | 414 | 385 |
| Total operating expenses | <u>2,679</u> | <u>2,168</u> |
| Operating Income | 469 | 501 |
| Interest income | 23 | 21 |
| Interest expense | (154) | (161) |
| Other expense, net | - | (1) |
| Income Before Income Taxes | 338 | 360 |
| Income tax provision | 124 | 142 |
| Net Income | <u>\$214</u> | <u>\$218</u> |
| Weighted Average Common Shares Outstanding, Basic | <u>344</u> | <u>388</u> |
| Net Earnings Per Common Share, Basic | <u>\$0.61</u> | <u>\$0.55</u> |
| Net Earnings Per Common Share, Diluted | <u>\$0.60</u> | <u>\$0.54</u> |
| Dividends Declared Per Common Share | <u>\$0.33</u> | <u>\$0.30</u> |

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 combined Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

Reconciliation of PG&E Corporation's Earnings from Operations to Consolidated Net Income in Accordance with Generally Accepted Accounting Principles (GAAP)
 First Quarter 2006 vs. First Quarter 2005
 (in millions, except per share amounts)

| | Three months ended March 31, | | | |
|-----------------------------------------------------------|------------------------------|-------|-----------------------------------------------|--------|
| | Earnings (Loss) | | Earnings (Loss) per Common Share (Diluted) | |
| | 2006 | 2005 | 2006 | 2005 |
| PG&E Corporation Earnings from Operations ¹ | \$214 | \$226 | \$0.60 | \$0.56 |
| Items Impacting Comparability ² | | | | |
| Energy Crisis / Chapter 11 Interest Costs ³ | - | (8) | - | (0.02) |
| Total | - | (8) | - | (0.02) |
| PG&E Corporation Earnings on a GAAP Basis | \$214 | \$218 | \$0.60 | \$0.54 |

¹ Earnings from operations exclude items impacting comparability.

² Items impacting comparability reconcile earnings from operations with consolidated net income as reported in accordance with GAAP.

³ 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 the bankruptcy court.

Reconciliation of Pacific Gas and Electric Company's Earnings from Operations to Consolidated Net Income in Accordance with GAAP
First Quarter 2006 vs. First Quarter 2005
(in millions)

| | Three months ended | |
|---------------------------------------------------------------------------|---------------------|---------------------|
| | March 31, | |
| | Earnings (Loss) | |
| | 2006 | 2005 |
| Pacific Gas and Electric Company Earnings from Operations ¹ | <u>\$214</u> | <u>\$227</u> |
| Items Impacting Comparability ² | | |
| Energy Crisis / Chapter 11 Interest Costs ³ | <u>-</u> | <u>(8)</u> |
| Total | <u>-</u> | <u>(8)</u> |
| Pacific Gas and Electric Company Earnings on a GAAP Basis | <u><u>\$214</u></u> | <u><u>\$219</u></u> |

¹ Earnings from operations exclude items impacting comparability.

² Items impacting comparability reconcile earnings from operations with consolidated net income as reported in accordance with GAAP.

³ The net effect of incremental interest costs of \$8 million, after-tax, related to remaining generator disputed claims in the Utility's Chapter 11 proceeding, which are subject to resolution by the bankruptcy court.

PG&E Corporation 2006 Earnings per Common Share (EPS) Guidance

| | Low | High |
|---------------------------------------------------|----------------------|----------------------|
| EPS Guidance on an Earnings from Operations Basis | <u>\$2.40</u> | <u>\$2.50</u> |
| Estimated Items Impacting Comparability | <u>\$0.00</u> | <u>\$0.00</u> |
| EPS Guidance on a GAAP Basis | <u><u>\$2.40</u></u> | <u><u>\$2.50</u></u> |

PG&E Corporation 2007 Earnings per Common Share (EPS) Guidance

| | Low | High |
|---------------------------------------------------|----------------------|----------------------|
| EPS Guidance on an Earnings from Operations Basis | <u>\$2.65</u> | <u>\$2.75</u> |
| Estimated Items Impacting Comparability | <u>\$0.00</u> | <u>\$0.00</u> |
| EPS Guidance on a GAAP Basis | <u><u>\$2.65</u></u> | <u><u>\$2.75</u></u> |
