



**SECRETARY OF STATE**

I, *Kevin Shelley*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 3 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of

APR 12 2004



*Kevin Shelley*  
Secretary of State

APR 12 2004

**KEVIN SHELLEY**  
Secretary of State

CERTIFICATE OF DECREASE  
IN NUMBER OF SHARES OF  
CERTAIN SERIES OF FIRST PREFERRED STOCK OF  
PACIFIC GAS AND ELECTRIC COMPANY

Gordon R. Smith and Linda Y. H. Cheng certify that:

1. They are the President and the Corporate Secretary, respectively, of Pacific Gas and Electric Company, a California corporation.
2. The Board of Directors duly adopted the following resolutions on December 17, 1997:

WHEREAS, it is desirable and in the best interests of this company and its shareholders to cause to redeem, if economic, all of this company's outstanding Series 7.44% \$25 Redeemable Preferred Stock (the "Series 7.44% Stock") or all of this company's outstanding Series 6-7/8% \$25 Redeemable Preferred Stock (the "Series 6-7/8% Stock"), or both, in one or more transactions during 1998 and 1999; and

WHEREAS, the Board of Directors desires, upon redemption of the Series 7.44% Stock or the Series 6-7/8% Stock, or both, as contemplated in the following resolution, to decrease the number of shares constituting either or both of such series to zero as appropriate, and there are no limits or restrictions with respect to the increase or decrease of the number of shares stated in the resolutions of the Board of Directors originally fixing the number of shares constituting each such series;

NOW, THEREFORE, BE IT RESOLVED that the Chairman of the Board, the President, the Chief Financial Officer, the Treasurer, and the Assistant Treasurer of this company (the "Delegated Officers") each are hereby authorized to make the election to redeem at such time or times during 1998 or 1999 to be determined by any of them, all of either the Series 7.44% Stock or the Series 6-7/8% Stock, or both, at the respective redemption price fixed for each series together with accumulated and unpaid dividends, at the rate fixed therefor, to and including the date fixed for redemption; and

BE IT FURTHER RESOLVED that the Corporate Secretary of this company is hereby authorized and directed to cause notices of any election to redeem to be provided in the manner and for the time prescribed in the Articles of Incorporation; and

BE IT FURTHER RESOLVED that, upon redemption of the Series 7.44% Stock or the Series 6-7/8% Stock, or both, as contemplated by this resolution, the number of shares constituting each of the Series 7.44% Stock or the Series 6-7/8% Stock, or both, as the case may be, shall be decreased to zero; and

**BE IT FURTHER RESOLVED** that the Chairman of the Board, the President, any Executive Vice President, or any Senior Vice President, and the Corporate Secretary or any Assistant Corporate Secretary of this company are hereby authorized and directed to make, verify, and file a Certificate of Decrease in the number of shares constituting the Series 7.44% Stock or the Series 6-7/8% Stock, or both, as the case may be, in accordance with this resolution and the provisions of California law; and

**BE IT FURTHER RESOLVED** that, in the event the number of shares constituting the Series 7.44% Stock or the Series 6-7/8% Stock, or both, is decreased to zero, the Chairman of the Board, the President, and Executive Vice President, or any Senior Vice President, and the Corporate Secretary or any Assistant Corporate Secretary of this company are hereby authorized and directed to make, verify, and file a certificate entitled "Restated Articles of Incorporation of Pacific Gas and Electric Company" restating said Articles to (i) eliminate Article Fourteenth with respect to the Series 7.44% Stock, or Article Seventeenth with respect to the Series 6-7/8% Stock, or both, as appropriate, which set forth the rights, preferences, privileges, and restrictions relating to the Series 7.44% Stock and the Series 6-7/8% Stock, respectively, each of which shall no longer be an authorized series of this company upon filing of the Certificate of Decrease relating to such series, and (ii) to renumber the remaining Articles accordingly; and

**BE IT FURTHER RESOLVED** that the officers, counsel, and Transfer Agent, of this company are hereby authorized, jointly and severally, to perform and to do such acts and things and to execute and deliver such other agreements, undertakings, documents, instruments, or certificates as such person may deem necessary, desirable, or appropriate in order to carry out the intent of the foregoing resolution and fully to perform the obligations of the company under the agreements executed and delivered on behalf of the company pursuant to such resolution.

3. This Certificate of Decrease relates to this company's 6-7/8% Redeemable First Preferred Stock. The number of shares of, and the respective rights, preferences, privileges, and restrictions relating to such series were set forth in a Certificate of Determination of Preferences that was filed with the Secretary of State and incorporated into the Restated Articles of Incorporation of this company.
4. This company has redeemed all of the outstanding shares of its 6-7/8% Redeemable First Preferred Stock, in accordance with the aforesaid resolutions of this company's Board of Directors. The number of outstanding shares of such series is zero.
5. The authorized number of shares constituting this company's 6-7/8% Redeemable First Preferred Stock is decreased from 5,000,000 to zero, in accordance with the aforesaid resolutions of this company's Board of Directors, this company's Restated Articles of Incorporation, and California Corporations Code Section 202(e). Pursuant to California Corporations Code Section 202(e)(3), the aggregate shares constituting such decrease (5,000,000) shall resume the status of authorized and unissued shares of First Preferred Stock, \$25 par value.

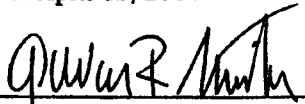
6. Pursuant to California Corporations Code Section 401(c), an amendment to the Articles of Incorporation to decrease the number of shares constituting any series of stock may, notwithstanding California Corporations Code Section 902, be approved by the Board of Directors alone.

7. Pursuant to California Corporations Code Section 401(f), upon the filing of this Certificate of Decrease to decrease the number of shares of this company's 6-7/8% Redeemable First Preferred Stock to zero, the respective Certificate of Determination whereby that series was established is no longer in force and such series is no longer an authorized series of the company.

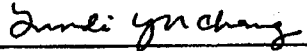
8. On May 6, 1998, the number of shares constituting the Series 7.44% Stock was decreased to zero pursuant to the filing of a Certificate of Decrease in the Number of Shares of Certain Series of Preferred Stock of Pacific Gas and Electric Company filed with the Secretary of State of the State of California.

We further declare under penalty of perjury under the laws of the State of California that we have read the foregoing certificate and know the contents thereof and that the same is true and correct of our own knowledge.

Date: April 12, 2004



Gordon R. Smith  
President



Linda Y. H. Cheng  
Corporate Secretary

