Appendix

Investor Conference
April 4, 2007
New York, NY

Cautionary Statement Regarding Forward-Looking Information

This presentation contains forward-looking statements regarding management's guidance for PG&E Corporation's 2007 and 2008 earnings per share from operations, targeted average annual growth rate for earnings per share from operations, projected cash available for dividends, anticipated dividend growth, and liquidity targets, as well as management's projections regarding Pacific Gas and Electric Company's (Utility) capital expenditures, rate base and rate base growth, costs and savings anticipated to result the implementation of business transformation initiatives, future electricity resources, energy efficiency funding levels, and forecasted electricity and natural gas sales over the 2007 to 2011 period. These statements are based on current expectations and various assumptions which management believes are reasonable, including that substantial capital investments are made in Utility business over the 2007-2011 period, and that the Utility earns an authorized return on equity of 11.35%. These statements and assumptions are necessarily subject to various risks and uncertainties the realization or resolution of which are outside of management's control. Actual results may differ materially. Factors that could cause actual results to differ materially include:

- the Utility's ability to timely recover costs through rates;
- the outcome of regulatory proceedings, including ratemaking proceedings pending at the CPUC and the FERC;
- the adequacy and price of electricity and natural gas supplies, and the ability of the Utility to manage and respond to the volatility of the electricity and natural gas markets;
- the effect of weather, storms, earthquakes, fires, floods, disease, other natural disasters, explosions, accidents, mechanical breakdowns, acts of terrorism, and other events or hazards that could affect the Utility's facilities and operations, its customers and third parties on which the Utility relies;
- the potential impacts of climate change on the Utility's electricity and natural gas operations;
- changes in customer demand for electricity and natural gas resulting from unanticipated population growth or decline, general economic and financial market conditions, changes in technology, including the development of alternative energy sources, or other reasons;
- operating performance of the Utility's Diablo Canyon nuclear generating facilities (Diablo Canyon), the occurrence of unplanned outages at Diablo Canyon, or the temporary or permanent cessation of operations at Diablo Canyon;
- the ability of the Utility to recognize benefits from its initiatives to improve its business processes and customer service;
- the ability of the Utility to timely complete its planned capital investment projects;
- the impact of changes in federal or state laws, or their interpretation, on energy policy and the regulation of utilities and their holding companies;
- the impact of changing wholesale electric or gas market rules, including the California Independent System Operator's (CAISO), new rules to restructure the California wholesale electricity market;
- how the CPUC administers the conditions imposed on PG&E Corporation when it became the Utility's holding company;
- the extent to which PG&E Corporation or the Utility incurs costs in connection with pending litigation that are not recoverable through rates, from third parties, or through insurance recoveries;
- the ability of PG&E Corporation and/or the Utility to access capital markets and other sources of credit;
- the impact of environmental laws and regulations and the costs of compliance and remediation;
- the effect of municipalization, direct access, community choice aggregation, or other forms of bypass; and
- other factors discussed in PG&E Corporation's SEC reports.

Pacific Gas and Electric Company (PG&E)

- Provides energy to nearly 1 in 20 people in the U.S.
- 70,000 square-mile service territory
- Four main operational units:
  - Electric and gas distribution
  - Electric transmission
  - Gas transmission
  - Electric generation

Electric And Gas Distribution

Business Scope

- Retail electricity and natural gas distribution service (construction, operations and maintenance)
- Customer services (call centers, meter reading, billing)
- 5.1 million electric and 4.2 million gas customer accounts
- Service territory covers 70,000 square miles and 47 counties

Primary Assets

- $10.3 billion of rate base (2006 wtd. avg.)

Revenues/Margins

- California state regulation (CPUC)
- Cost of service ratemaking [(1)]
- Revenues stabilized by sales balancing accounts

[(1)] Authorized revenues = operating costs + (rate of return × rate base)
Rate base = net plant ± adjustments to approximate invested capital

PG&E

Electric Transmission

Business Scope

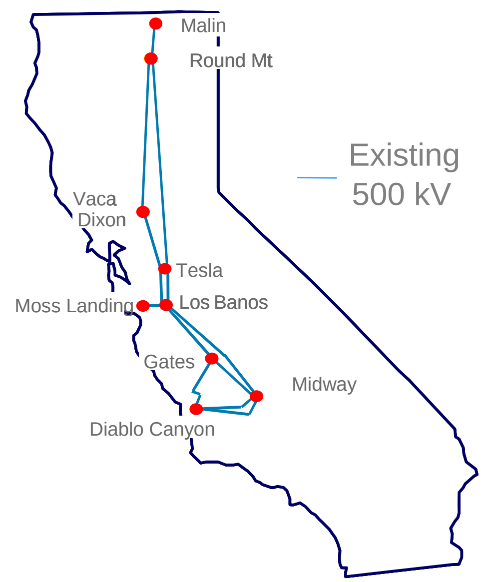
- Wholesale electric transmission services (construction, maintenance)
- Operation by CA Independent System Operator

Primary Assets

- $2.3 billion of rate base (2006 wtd. avg.)

Revenues/Margins

- Federal regulation (FERC)
- Cost of service ratemaking
- Revenues vary with system load



18,640 circuit miles of electric transmission lines

Natural Gas Transmission

Gas Transmission Business Scope

- Natural gas transportation, storage, parking and lending services
- Customers: PG&E's natural gas distribution and electric generation businesses, industrial customers, California electric generators, and marketers

Primary Assets

- $1.5 billion of rate base (2006 wtd. avg.)

Revenues/Margins

- California state regulation (CPUC)
- Incentive ratemaking framework ("Gas Accord")
- Revenues vary with throughput

- 6,138 miles of backbone transportation import capacity of 2.0 BCF/day Canadian gas, 1.1 BCF/day Southwest gas
- Three storage facilities with 42.0 BCF cycle capacity

Electric Procurement And Owned Generation

Business Scope

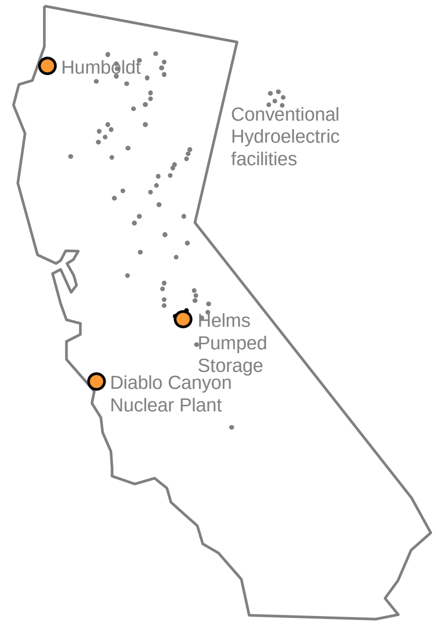
- Electricity and ancillary services from owned and controlled resources
- Energy procurement program

Primary Assets

- Diablo Canyon nuclear power plant (2,240 MW)
- Largest privately owned hydro system (3,896 MW)
- $1.8 billion rate base (2006 wtd. avg.)
- Funded nuclear plant decommissioning trusts of $1.8 billion

Revenues/Margins

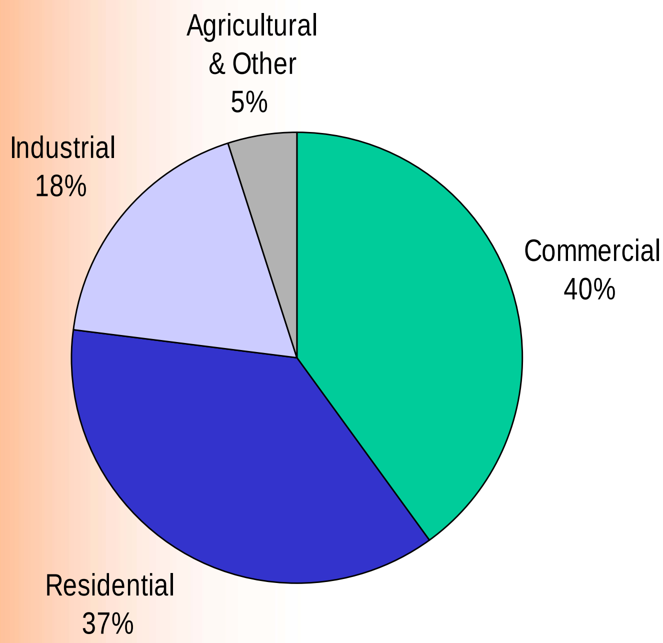
- Cost of service ratemaking for utility-owned generation
- Pass through of power procurement costs



2006 Customer Profiles - % by Sales

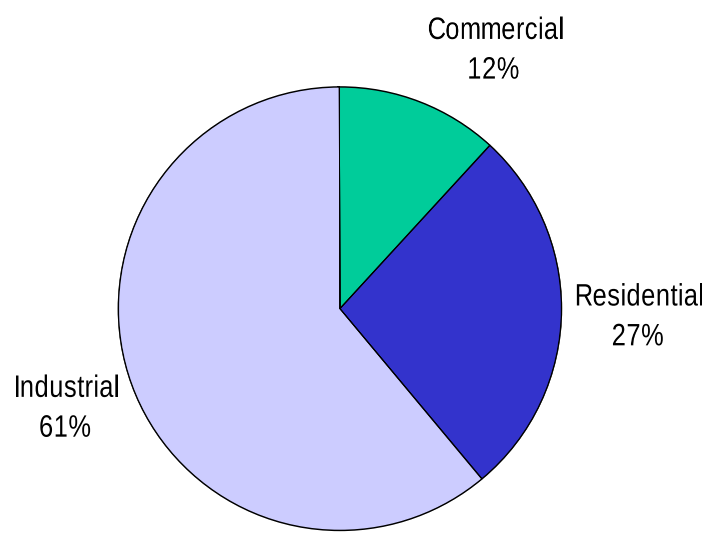
Electric Customers

(84,310 GWh delivered)



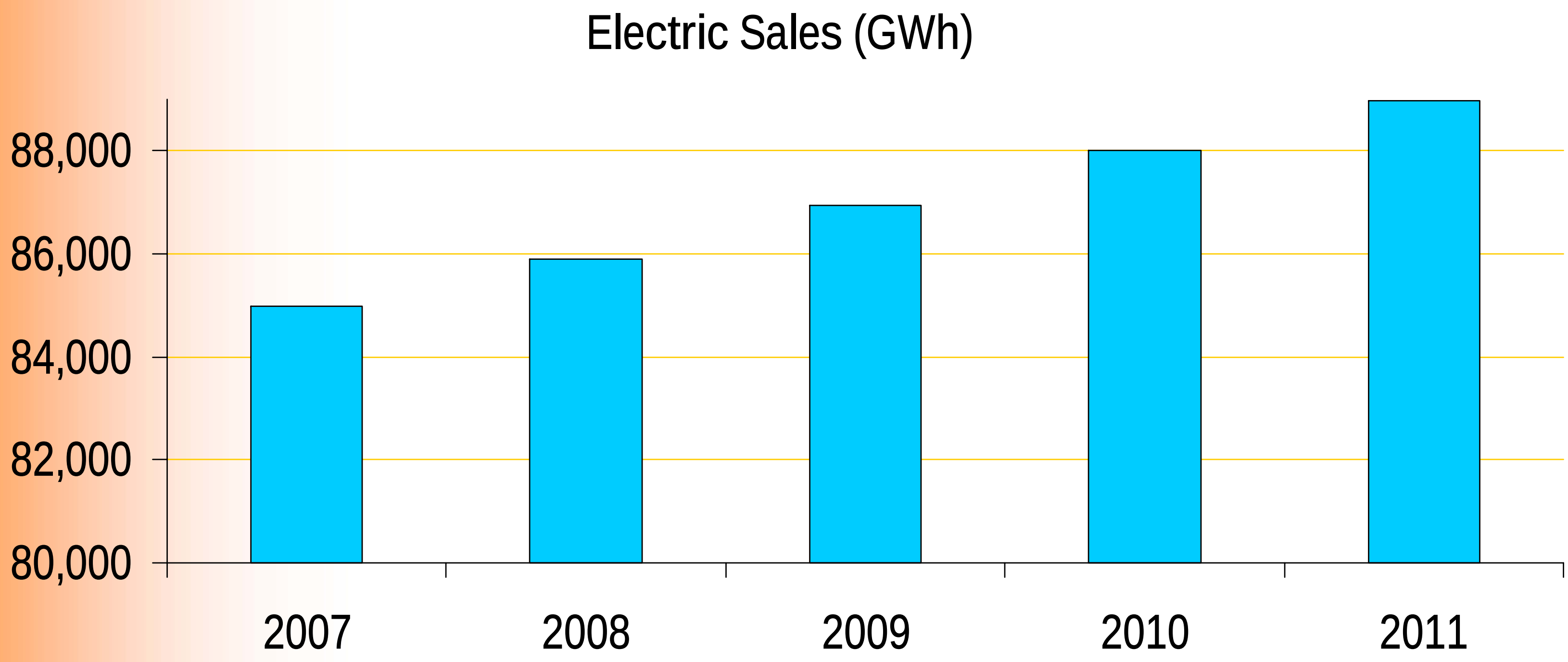
Gas Customers

(836 Bcf delivered)



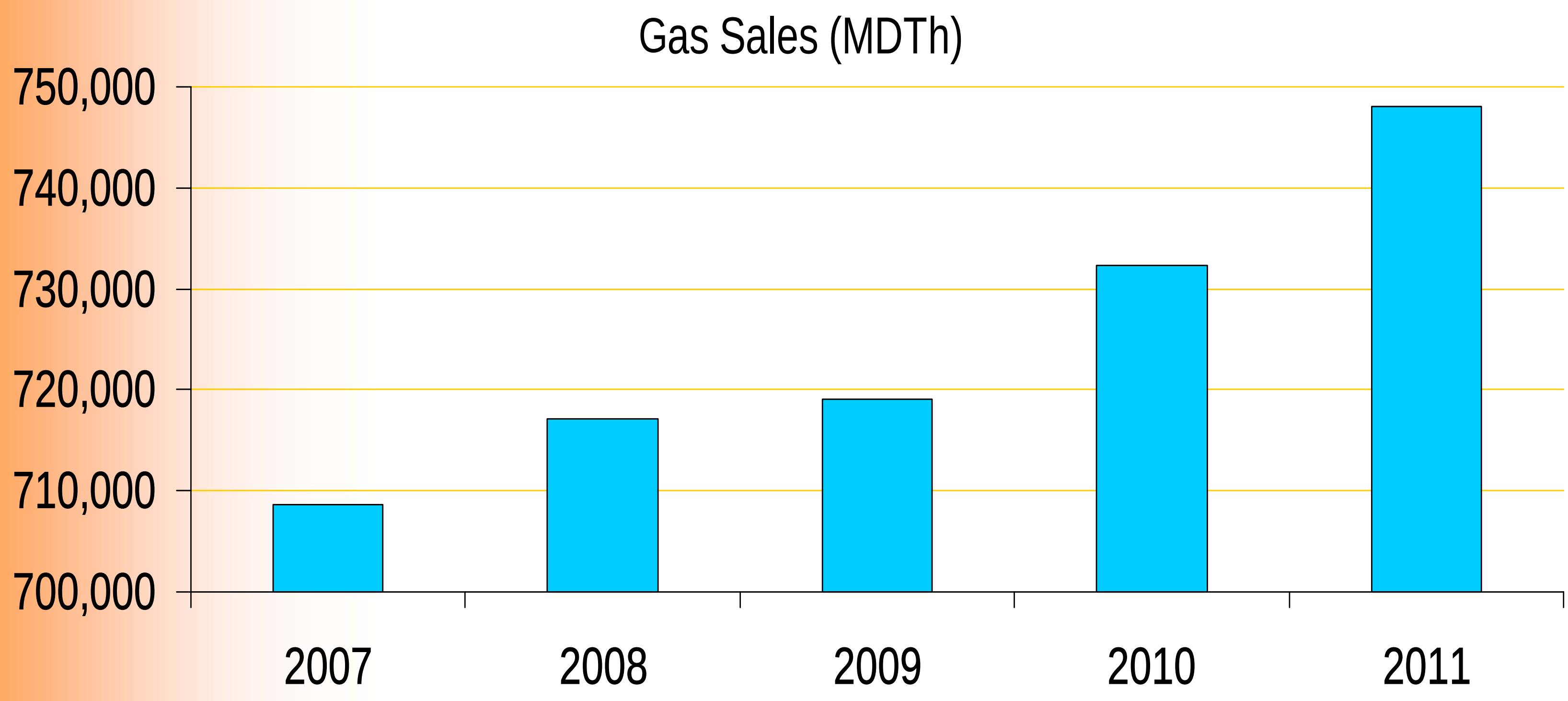
Electric Sales Outlook

Electric sales growth forecasted to average 1.1% during 2007 - 2011



Gas Sales Outlook

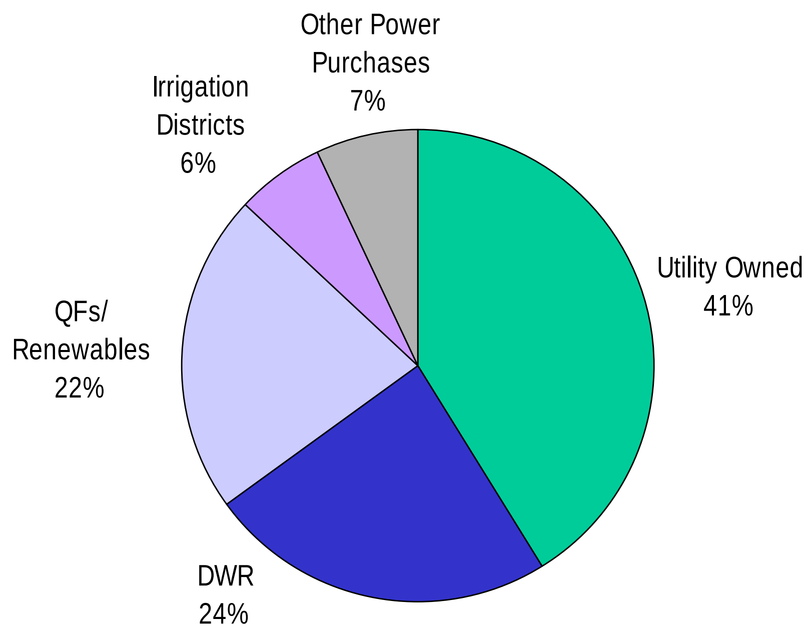
Gas sales growth forecasted to average 1.4% during 2007-2011



PG&E: Existing Resource Mix

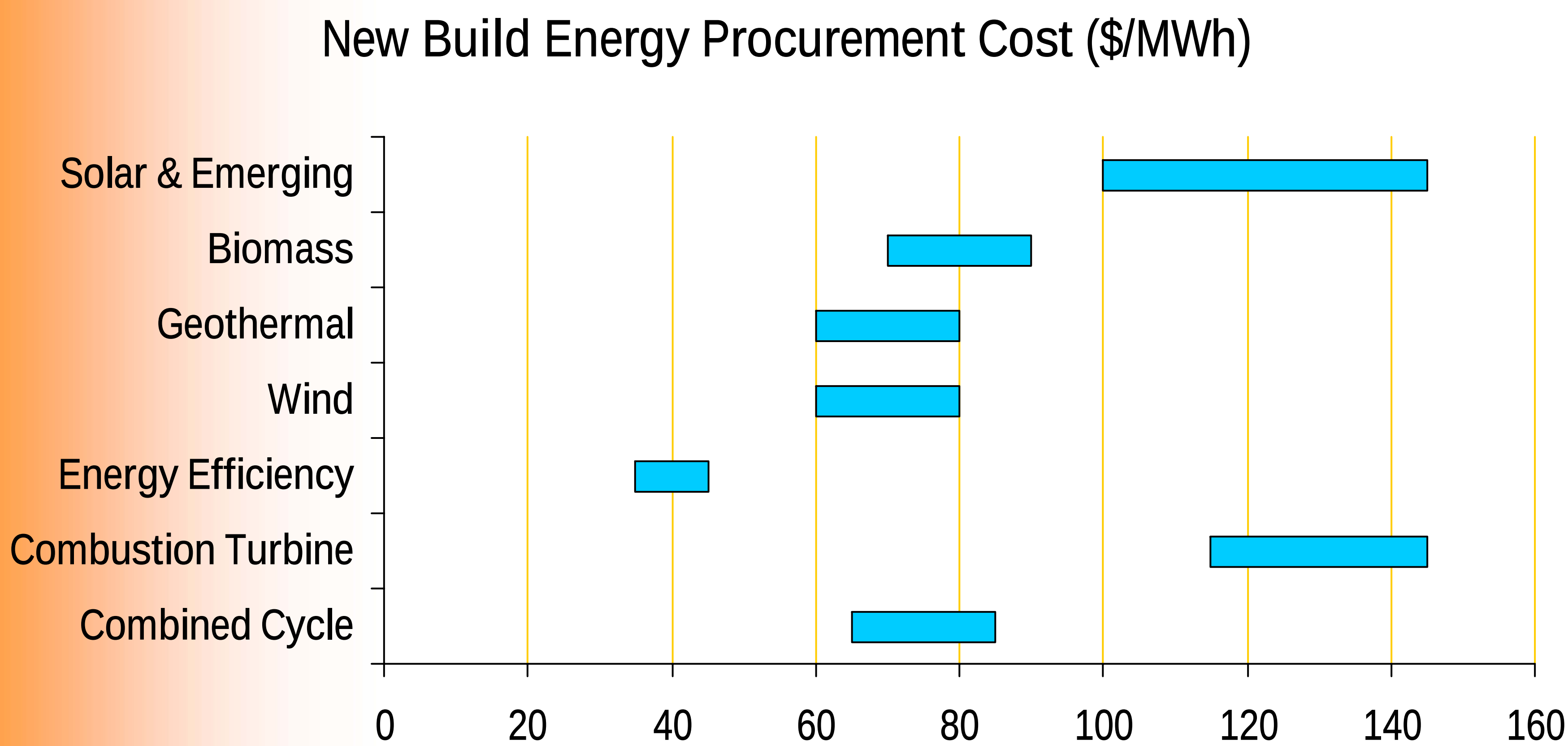
Owned generation	Type	Net Capacity (MW)	Percent
▪ Diablo Canyon	Nuclear	2,240	36%
▪ Hydroelectric facilities	Hydro	3,896	62%
▪ Humboldt	Fossil	135	2%
▪ Total		6,271	100%

2006 sources of electric energy*



* Approximately 12% of total retail sales are supplied by eligible renewable resources coming from utility-owned, QF, Irrigation Districts, and other sources.

Comparative Energy Procurement Costs



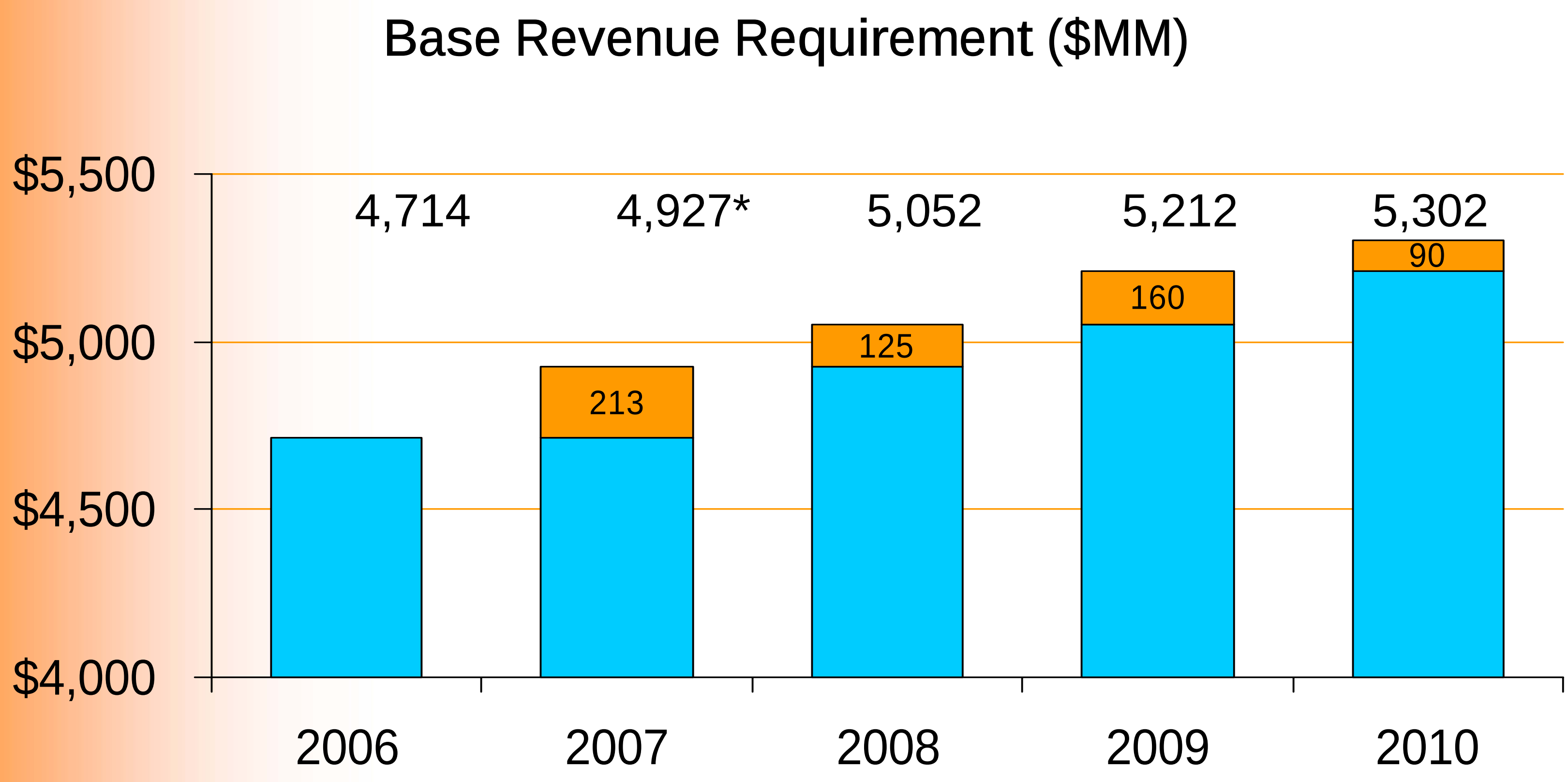
Key Regulatory Proceedings

Proceeding	Docket No.	Status
2007 General Rate Case	A.05-12-002	• Final decision on March 15, 2007
2007 Renewable Resources Solicitation (Renewable Portfolio Standards)	R.06-05-027 D.07-02-011	• 2007 RPS solicitation approved • Expect contracts executed by 2007 year end
2006 Long-Term Procurement Plan (Electric resource needs for 2007-2016)	R.06-02-013	• LTPP filed in December 2006 • Final decision expected mid-2007 or later
FERC TO9 (2007 electric transmission rates)	ER06-1325-000	• Settlement filed February 2007 • Final decision expected May 2007
Gas Accord IV (Post-2007 gas transmission and storage rates)	A.07-03-012	• Settlement filed March 15, 2007 • Final decision expected by 2007 year end

2007 General Rate Case Decision

- Increases 2007 revenues by $213 million (4.5% over 2006 authorized revenues)
- Provides annual attrition increases of $125 million each year 2008 – 2010, and a one-time increase of $35 million in 2009 for second Diablo Canyon refueling
- Supports forecasted infrastructure investments for reliability and customer growth
- No earnings sharing mechanism: the upside benefits and downside risk of Transformation savings and costs accrue fully to PG&E

2007 GRC: Revenue Requirement



* On August 24, 2006, the CPUC approved a waiver of the 2007 cost of capital filing, maintaining the authorized ROE at 11.35% and the authorized equity at 52% through at least 2007.

PG&E SmartMeter™ Program Investment

- July 2006 CPUC decision on full deployment issued with full recovery of projected costs
- Roughly 10 million meters planned to be installed by the end of 2011
- Proven technology to lower meter reading costs, improve outage management, improve demand response
- Over $900 million in vendor contracts signed
- Meter installation has begun

PG&E

California Greenhouse Gas Reduction Act (AB 32)

- “1990 levels by 2020” and mandates GHG reductions from multiple sectors
- Creates path for market-based approach
- “Safety valve” to balance potential economic impacts
- Schedule for adopting specific emissions limits:

Due Date	Action Required
1/30/2007	Adopt list of discrete “early action” GHG emission reduction measures to go into effect 1/1/2010
1/1/2009	Adopt “scoping plan” on sources and categories of sources to meet 2020 statewide emissions “cap”
1/1/2011	GHG emission limits and measures go into effect 1/1/2012 and apply to individual sources and categories of sources to achieve 2020 statewide GHG limits
1/1/2011	Air Resources Board may adopt system of “market-based” declining annual aggregate emission limits applicable from 2012 to 12/31/2020

Carrying Cost Credit Impacts

Estimated Average Deferred Tax Balances and Carrying Cost Credit Impacts ($MM)

	2007	2008	2009	2010	2011	2012
Rate Reduction Bond and Energy Recovery Bond Average Deferred Tax Balance	$854	$683	$542	$396	$243	$82
Estimated After-tax Carrying Cost Credit*	$(50)	$(40)	$(32)	$(23)	$(14)	$(5)

* Rate Reduction Bonds are fully retired at the end of 2007.

Estimated carrying cost credits assume a utility equity ratio of 52% and ROE at 11.35%.

ERB Amortization Schedule

($MM)	2007	2008	2009	2010	2011	2012
Annual ERB Amortization	$340	$354	$369	$386	$404	$423
End-of-year ERB balance	$1,936	$1,582	$1,213	$827	$423	-

Liquidity Availability and Targets

	Utility	Holding Company
Credit Facility Size	$2 billion	$200 million
Target Minimum Unused Borrowing Capacity	$800 million	$100 million
Target Cash Balance	$0	$40 million

Credit Profile

- Current Ratings
  - Utility issuer rating: BBB (S&P) and Baa1 (Moody's)
  - Utility unsecured debt: BBB (S&P) and Baa1 (Moody's)
- Average Utility Metrics (2007-2011)*
  - S&P Business Profile Rating: 5
  - Total Debt to capitalization (EOY): 53.6%
  - Funds from Operations Cash Interest Coverage: 5.1x
  - Funds from Operations to Average Total Debt: 22%

* Metrics include debt equivalents for long-term power purchase contracts

2006 EPS - Reg G Reconciliation

2006 EPS on an Earnings from Operations Basis*	$2.57
Items Impacting Comparability:	
Scheduling Coordinator Cost Recovery	0.21
Environmental Remediation Liability	(0.05)
Recovery of Interest on PX Liability	0.08
Severance Costs	(0.05)
2006 EPS on a GAAP Basis	$2.76

* Earnings per share from operations is a non-GAAP measure. This non-GAAP measure is used because it allows investors to compare the core underlying financial performance from one period to another, exclusive of items that do not reflect the normal course of operations

EPS Guidance - Reg G Reconciliation

2007

	Low	High
EPS Guidance on an Earnings from Operations Basis*	$2.70	$2.80
Estimated Items Impacting Comparability	0.00	0.00
EPS Guidance on a GAAP Basis	$2.70	$2.80

2008

	Low	High
EPS Guidance on an Earnings from Operations Basis*	$2.90	$3.00
Estimated Items Impacting Comparability	0.00	0.00
EPS Guidance on a GAAP Basis	$2.90	$3.00

* Earnings per share from operations is a non-GAAP measure. This non-GAAP measure is used because it allows investors to compare the core underlying financial performance from one period to another, exclusive of items that do not reflect the normal course of operations.

Cash Available For Dividends/Repurchases (After Cap Ex) - Reg G Reconciliation

2007 ($MM)	**Low**	**High**
Estimated Cash Available for Dividends/Repurchases*	$ 400	$ 550
Estimated Net Cash Used in Investing Activities	3,220	3,020
Less: Estimated Change in Net Debt and Preferred, and Preferred Dividends	1,080	980
Estimated Net Cash Provided by Operating Activities	$2,540	$2,590

2008	**Low**	**High**
Estimated Cash Available for Dividends/Repurchases*	$ (50)	$ 100
Estimated Net Cash Used in Investing Activities	3,330	3,130
Less: Estimated Change in Net Debt and Preferred, and Preferred Dividends	690	590
Estimated Net Cash Provided by Operating Activities	$2,590	$2,640

* Cash available for dividends/repurchases is a non-GAAP measure. This non-GAAP measure is used because it allows investors to consider the amount of cash generated by operations and available after investing activities and debt service to pay dividends, as well as fund stock repurchases, if any.

Cash Available For Dividends/Repurchases (After Cap Ex) - Reg G Reconciliation

2009 ($MM)	**Low**	**High**
Estimated Cash Available for Dividends/Repurchases*	$ 250	$ 450
Estimated Net Cash Used in Investing Activities	2,640	2,420
Less: Estimated Change in Net Debt and Preferred, and Preferred Dividends	510	410
Estimated Net Cash Provided by Operating Activities	$2,380	$2,460

2010	**Low**	**High**
Estimated Cash Available for Dividends/Repurchases*	$ 150	$ 400
Estimated Net Cash Used in Investing Activities	3,230	2,980
Less: Estimated Change in Net Debt and Preferred, and Preferred Dividends	$ 590	$ 490
Estimated Net Cash Provided by Operating Activities	2,790	2,890

* Cash available for dividends/repurchases is a non-GAAP measure. This non-GAAP measure is used because it allows investors to consider the amount of cash generated by operations and available after investing activities and debt service to pay dividends, as well as fund stock repurchases, if any.

Cash Available For Dividends/Repurchase (After Cap Ex) - Reg G Reconciliation

2011 ($MM)	**Low**	**High**
Estimated Cash Available for Dividends/Repurchases*	$ 800	$1,100
Estimated Net Cash Used in Investing Activities	2,440	2,100
Less: Estimated Change in Net Debt and Preferred, and Preferred Dividends	60	(100)
Estimated Net Cash Provided by Operating Activities	$3,180	$3,300

* Cash available for dividends/repurchases is a non-GAAP measure. This non-GAAP measure is used because it allows investors to consider the amount of cash generated by operations and available after investing activities and debt service to pay dividends, as well as fund stock repurchases, if any.