



Appendix

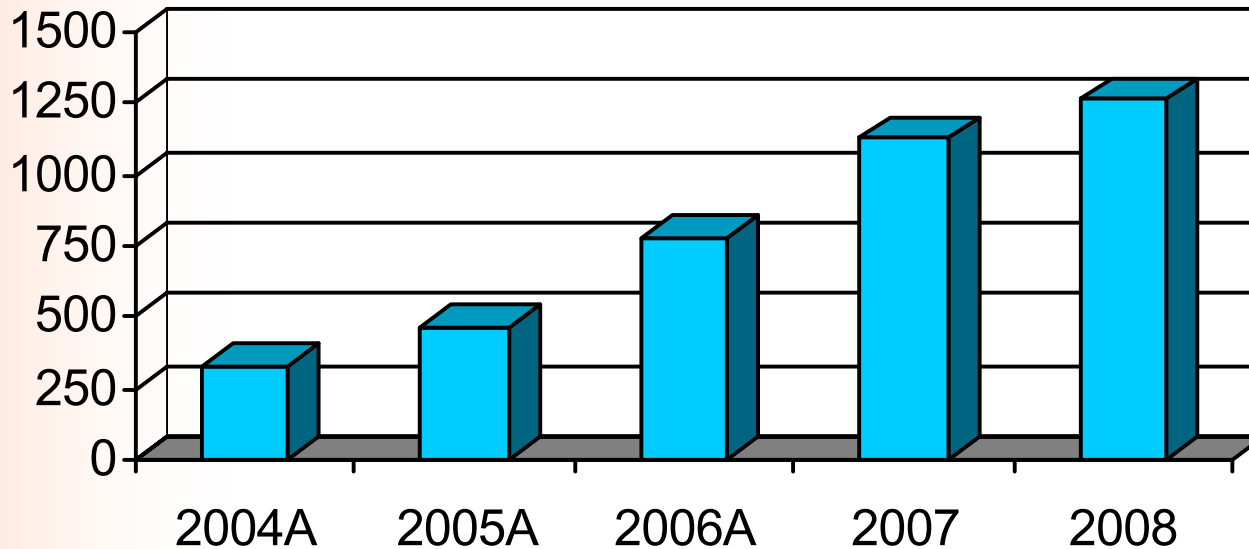
Sanford Bernstein Strategic Decisions Conference
May 30 - June 1, 2007



PG&E's Energy Efficiency Programs

- About half of expected load growth will be met by energy efficiency
- PG&E's budget and goals for 2006-2008:
 - Overall energy efficiency budget: \$975 million
 - PG&E filed goals: 3,063 GWh; 47 MM therms

GWh Savings: Historic and Target

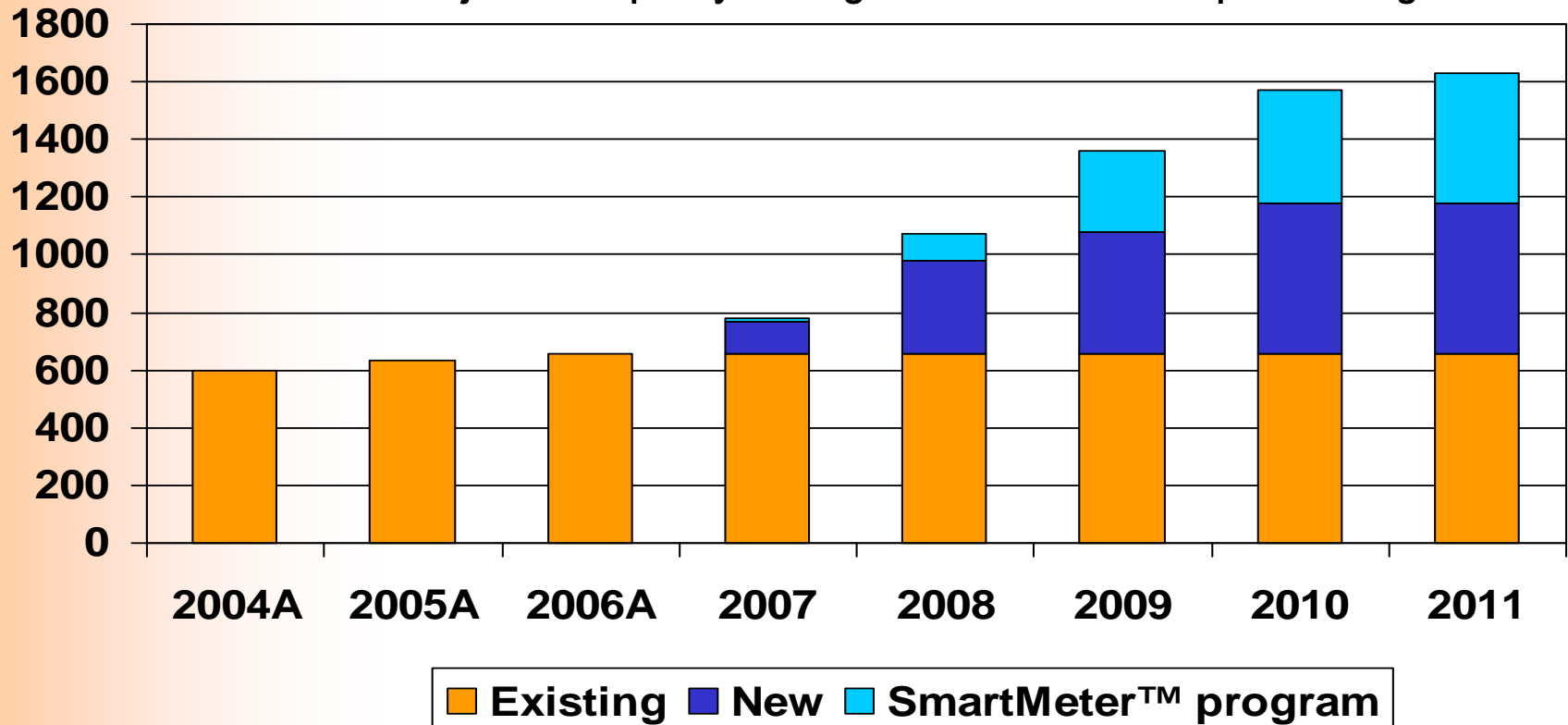


Demand Response Programs

Demand response impacts expected to double from 2007

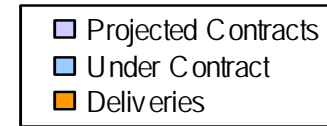
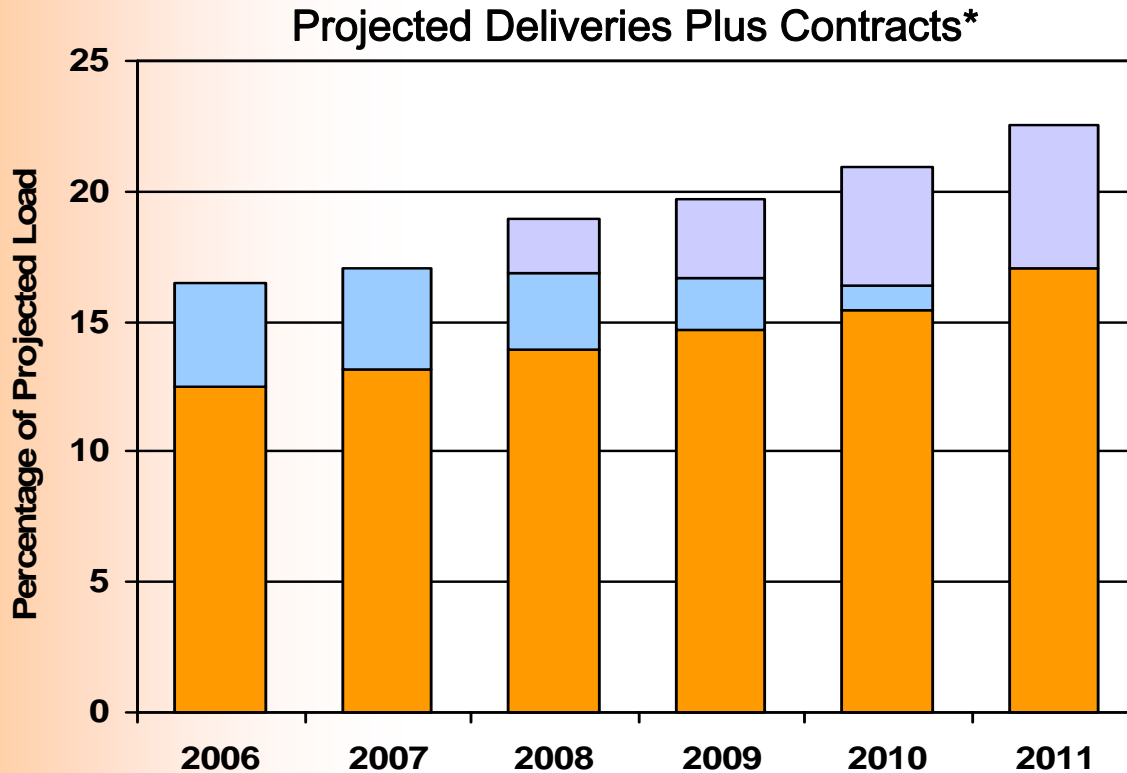
MWs

Actual and Projected Capacity Savings from Demand Response Programs

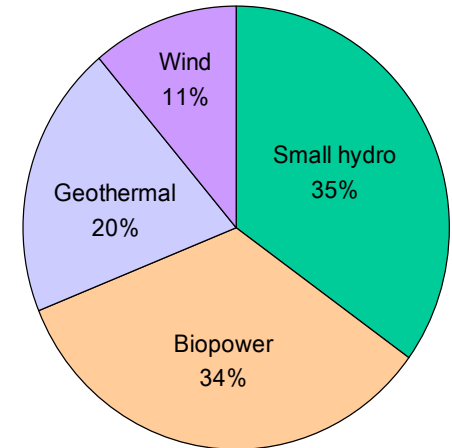


Renewable Resource Procurement

Renewable Portfolio Standard target is 20% by 2010



2006 deliveries comprised of:



* 2008 to 2011 estimates are based on forecasted construction schedules and additional contracted resources

New Generation Resources: Utility-Owned & Conventional Power Purchase Agreements

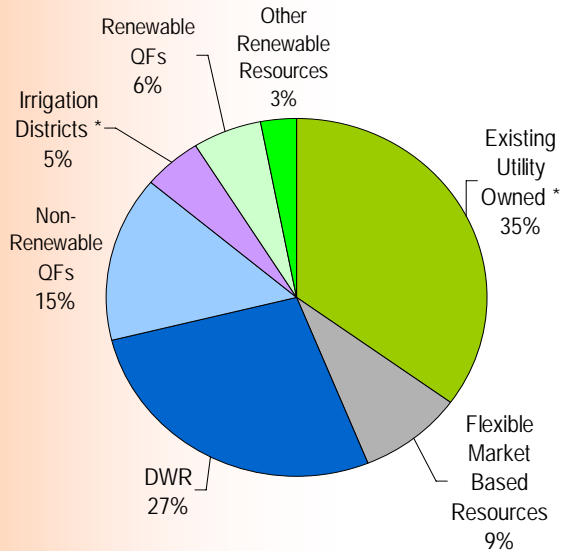
Facility	Size (MW)	Status	Target Operational Date	Estimated Capital Costs
Gateway	530	broken ground	2009	\$370 million
Humboldt Bay	163	permitting	2009	\$239 million
Colusa	657	permitting	2010	\$673 million
Total	1,350			\$1,282 million

PPAs Counterparty/Facility	Size (MW)	Target Operational Date	Contract Term (years)
Calpine Hayward	601	2010	10
EIF Firebaugh	399	2009	20
Starwood Firebaugh	118	2009	15
EIF Fresno	196	2009	20
Tierra Energy Hayward	116	2009	20
Total	1,430		

Long-Term Electric Resources

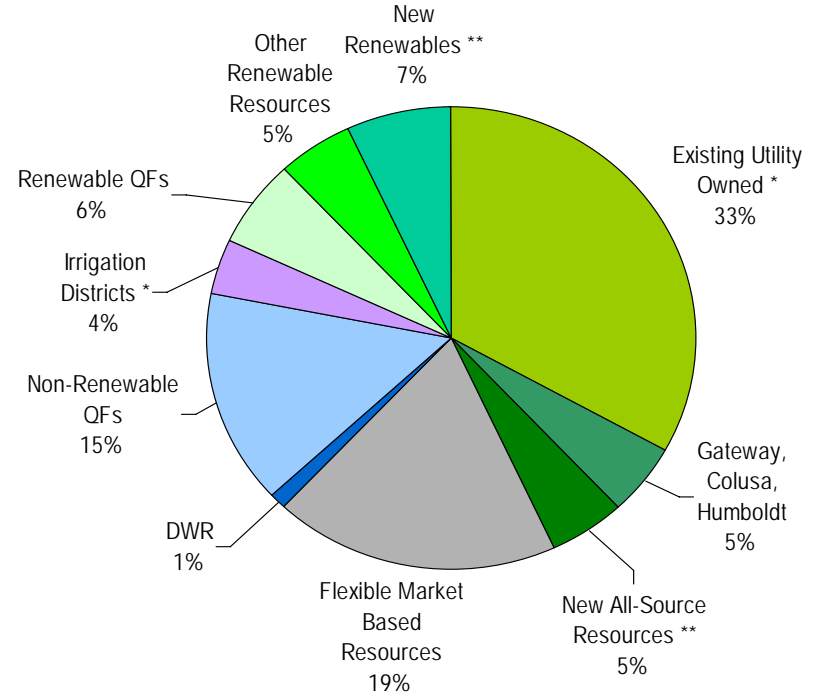
- Energy efficiency expected to meet half of future load growth
- Growth in renewable resources and resources with operating flexibility
- Growth in utility ownership

2007 Projected Sources of Energy
85,500 GWh



* Approximately 13% of total retail sales expected to be eligible renewable resources coming from utility-owned, QFs, Irrigation Districts and other sources.

2012 Projected Sources of Energy
89,900 GWh



* Over 20% of total retail sales expected to be eligible renewable resources coming from utility-owned, QFs, Irrigation Districts, and other sources.

** May include utility-owned resources.

Ratemaking Summary

Ratemaking = Projected Test Year
with Attrition adjustments

Rate Base = Net Plant (in service)
- deferred taxes from accelerated depreciation
+/- net working capital
(may exclude many balance sheet assets or liabilities)

Balancing
Accounts =

- Cost of procuring energy
- Sales volume
- Selected other elements of operating costs such as energy conservation programs

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

Dividend Policy

- Objectives:
 - Flexibility
 - Sustainability
 - Comparability
- Payout ratio range of 50% - 70%
- Growth balanced with funding for additional investment opportunities
- Dividend growth is expected to be generally in line with the growth in EPS from Operations

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	<u>(0.05)</u>
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

	<u>Low</u>	<u>High</u>
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

	<u>Low</u>	<u>High</u>
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.