

PG&E CORPORATION
CONDENSED STATEMENT OF CONSOLIDATED INCOME
(unaudited)

(in millions, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2001	2000	2001	2000
Operating Revenues				
Pacific Gas and Electric Company	\$ 2,937	\$ 2,523	\$ 7,808	\$ 7,037
Integrated Energy and Marketing	3,315	4,690	10,146	10,321
Interstate Pipeline Operations				
-Texas	-	258	-	707
-Northwest	57	64	186	177
Eliminations and Other	(8)	2	(4)	3
Subtotal NEG	3,364	5,014	10,328	11,208
Other Enterprises and eliminations	-	(33)	(147)	(95)
Total operating revenues	<u>6,301</u>	<u>7,504</u>	<u>17,989</u>	<u>18,150</u>
Operating Expenses				
Cost of energy - Pacific Gas and Electric Company	697	2,234	3,997	4,187
Cost of energy--National Energy Group	3,041	4,618	9,215	10,137
Deferred electric procurement costs	-	(2,176)	-	(2,789)
Operating expenses including depreciation	986	2,199	3,085	4,688
Reorganization items	25	-	33	-
Total operating expenses	<u>4,749</u>	<u>6,875</u>	<u>16,330</u>	<u>16,223</u>
Operating Income (Loss)	1,552	629	1,659	1,927
Interest expense, net and other	(294)	(146)	(749)	(484)
Income (Loss) Before Income Taxes	1,258	483	910	1,443
Income tax expense (benefit)	487	239	340	671
Income From Continuing Operations	771	244	570	772
Discontinued Operations				
Loss on disposal of PG&E Energy Services (net of applicable income taxes of \$13 million)	-	(19)	-	(19)
Net Income (Loss)	<u>\$ 771</u>	<u>\$ 225</u>	<u>\$ 570</u>	<u>\$ 753</u>
Weighted Average Common Shares Outstanding, Diluted	364	365	363	364
Earnings (Loss) Per Common Share, Basic	\$ 2.12	\$ 0.62	\$ 1.57	\$ 2.09
Earnings (Loss) Per Common Share, Diluted	\$ 2.12	\$ 0.62	\$ 1.57	\$ 2.07
Dividends Declared Per Common Share	\$ -	\$ 0.30	\$ -	\$ 0.90
Earnings				
Utility				
Pacific Gas and Electric Company	\$ 192	\$ 211	\$ 570	\$ 655
National Energy Group				
Integrated Energy and Marketing	64	19	152	94
Interstate Pipeline Operations	19	16	57	43
Eliminations and Other	(6)	2	(7)	3
Subtotal - National Energy Group	77	37	202	140
Other Enterprises	(13)	-	(18)	(10)
Earnings from Operations ^(a)	256	248	754	785
Items impacting comparability ^(b)	515	(23)	(184)	(32)
Reported Earnings	<u>\$ 771</u>	<u>\$ 225</u>	<u>\$ 570</u>	<u>\$ 753</u>
Earnings per Share (Diluted)				
Utility				
Pacific Gas and Electric Company	\$ 0.53	\$ 0.58	\$ 1.57	\$ 1.80
National Energy Group				
Integrated Energy and Marketing	0.18	0.05	0.42	0.26
Interstate Pipeline Operations	0.05	0.04	0.16	0.12
Eliminations and Other	(0.02)	0.01	(0.02)	-
Subtotal - National Energy Group	0.21	0.10	0.56	0.38
Other Enterprises	(0.04)	-	(0.05)	(0.02)
Earnings from Operations ^(a)	0.70	0.68	2.08	2.16
Items impacting comparability ^(b)	1.42	(0.06)	(0.51)	(0.09)
Reported Earnings	<u>\$ 2.12</u>	<u>\$ 0.62</u>	<u>\$ 1.57</u>	<u>\$ 2.07</u>

(a) Earnings from operations exclude items impacting comparability and should not be considered an alternative to net income or an indicator of a Company's operating performance.

(b) Items impacting comparability for the quarter ending September 30, 2001 include collection of \$687 million after-tax (\$1.89 per share) of transition costs previously written off and a decrease in the inability to fully utilize tax benefits of losses in California of \$8 million (\$0.02 per share) due to the recovery of previously written off transition costs, partially offset by costs associated with termination of gas transportation hedges of \$66 million, net of tax, (\$0.18 per share), the net impacts associated with decisions issued by the California Public Utilities Commission (CPUC) on rehearings of the Utility's 1999 General Rate Case (GRC) of \$27 million, after-tax (\$0.07 per share), additional interest costs caused by the California energy crisis of \$62 million, net of tax (\$0.17 per share), and other bankruptcy costs of \$25 million, net of tax, (\$0.07 per share). Items impacting comparability for the quarter ending September 30, 2000 include severance charges related to restructuring of the National Energy Group of \$4 million, net of tax, (\$0.01 per share) and a loss on disposal of assets of \$19 million, net of tax (\$0.05 per share) resulting from a true-up following the sale of the energy services operations of the National Energy Group. Items impacting comparability for the nine-month period ending September 30, 2001 include the termination of gas transportation hedges and the net impacts of the CPUC decisions on rehearing of the Utility's 1999 GRC referred to above, additional interest costs caused by the California energy crisis of \$165 million, net of tax, (\$0.46 per share), and other bankruptcy reorganization costs of \$50 million, net of tax, (\$0.14 per share), partially offset by collection of transition costs previously written off of approximately \$124 million, net of tax, (\$0.34 per share). The collection of transition costs previously written off include substantial unrecovered purchased power costs from the 1st Quarter of 2001. Items impacting comparability for the nine-month period ended September 30, 2000 include a loss on disposal of assets of \$19 million, net of tax, (\$0.05 per share) resulting from a true-up following the sale of the energy service operations and severance and other charges related to the restructuring of the National Energy Group of \$13 million, net of tax, (\$0.04 per share).