PG&E Corporation

Investor Conference
February 26, 2009



This presentation is not complete without the accompanying statements made by management on February 26, 2009.
A replay is available on PG&E Corporation's homepage at www.pge-corp.com.

Agenda

February 26, 2009 2:00pm – 5:00pm

- PG&E's Vision: 2008 and Beyond

  Peter A. Darbee
  Chairman, CEO and President
  PG&E Corporation

  President and CEO
  Pacific Gas and Electric Company

- PG&E's Financial Outlook

  Christopher Johns
  Senior Vice President, Chief Financial Officer and Treasurer
  PG&E Corporation

- PG&E's Operational Outlook

  Jack Keenan
  Senior Vice President and Chief Operating Officer
  Pacific Gas and Electric Company

February 26, 2009 5:00pm – 6:00 pm

- Reception

Cautionary Language Regarding Forward-Looking Statements

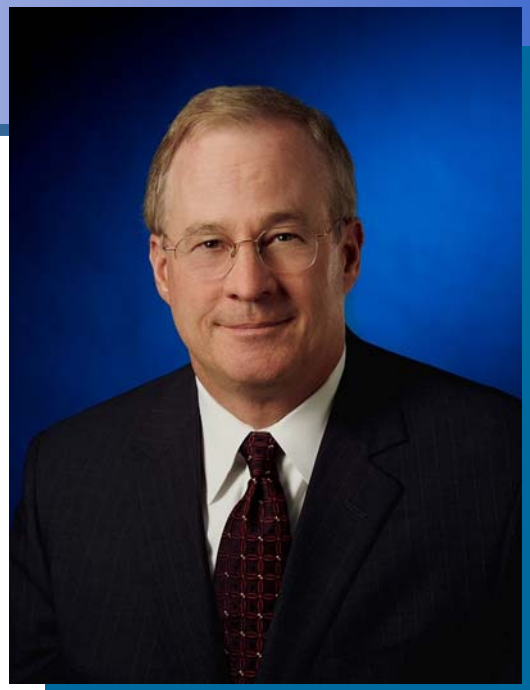
This presentation contains management's guidance for PG&E Corporation's 2009, 2010 and 2011 earnings per share from operations, projections of Pacific Gas and Electric Company's (Utility) capital expenditures, rate base and rate base growth, and projections of PG&E Corporation's and the Utility's financing needs. These statements and projections, as well as the underlying assumptions, are forward-looking statements that are based on current expectations which management believes are reasonable. These statements and assumptions are necessarily subject to various risks and uncertainties, the realization or resolution of which may be 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 manage capital expenditures and its operating and maintenance expenses within authorized levels;**
- **the outcome of pending and future regulatory proceedings and whether the Utility is able to timely recover its costs through rates;**
- **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, including the ability of the Utility and its counterparties to post or return collateral;**
- **the effect of weather, storms, earthquakes, fires, floods, disease, other natural disasters, explosions, accidents, mechanical breakdowns, acts of terrorism, and other events or hazards on 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 businesses;**
- **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 Diablo Canyon, the availability of nuclear fuel, the occurrence of unplanned outages at Diablo Canyon or the temporary or permanent cessation of operations at Diablo Canyon;**
- **whether the Utility can maintain the cost savings it has recognized from operating efficiencies it has achieved and identify and successfully implement additional sustainable cost-saving measures;**
- **whether the Utility incurs substantial expense to improve the safety and reliability of its electric and natural gas systems;**
- **whether the Utility achieves the California Public Utilities Commission's (CPUC) energy efficiency targets and recognizes any incentives the Utility may earn in a timely manner;**
- **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 new rules of the California Independent System Operator (CAISO) 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 and liabilities in connection with litigation that are not recoverable through rates, from insurance, or from other third parties;**
- **the ability of PG&E Corporation, the Utility, and counterparties, to access capital markets and other sources of credit in a timely manner on acceptable terms, especially given the recent deteriorating conditions in the economy and financial markets;**
- **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;**
- **the impact of changes in federal or state tax laws, policies, or regulations; and**
- **other factors and risks discussed in PG&E Corporation's and the Utility's 2008 Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission.**

PG&E's Vision: 2008 and Beyond

Peter A. Darbee
Chairman, Chief Executive Officer and President
PG&E Corporation

President and Chief Executive Officer
Pacific Gas and Electric Company



Key Takeaways

- **PG&E's plans are aligned with customer needs and regulatory objectives.**
- **Management is focused on the efficient delivery of reliable, clean energy.**
- **PG&E is on track to achieve its long-term growth target.**

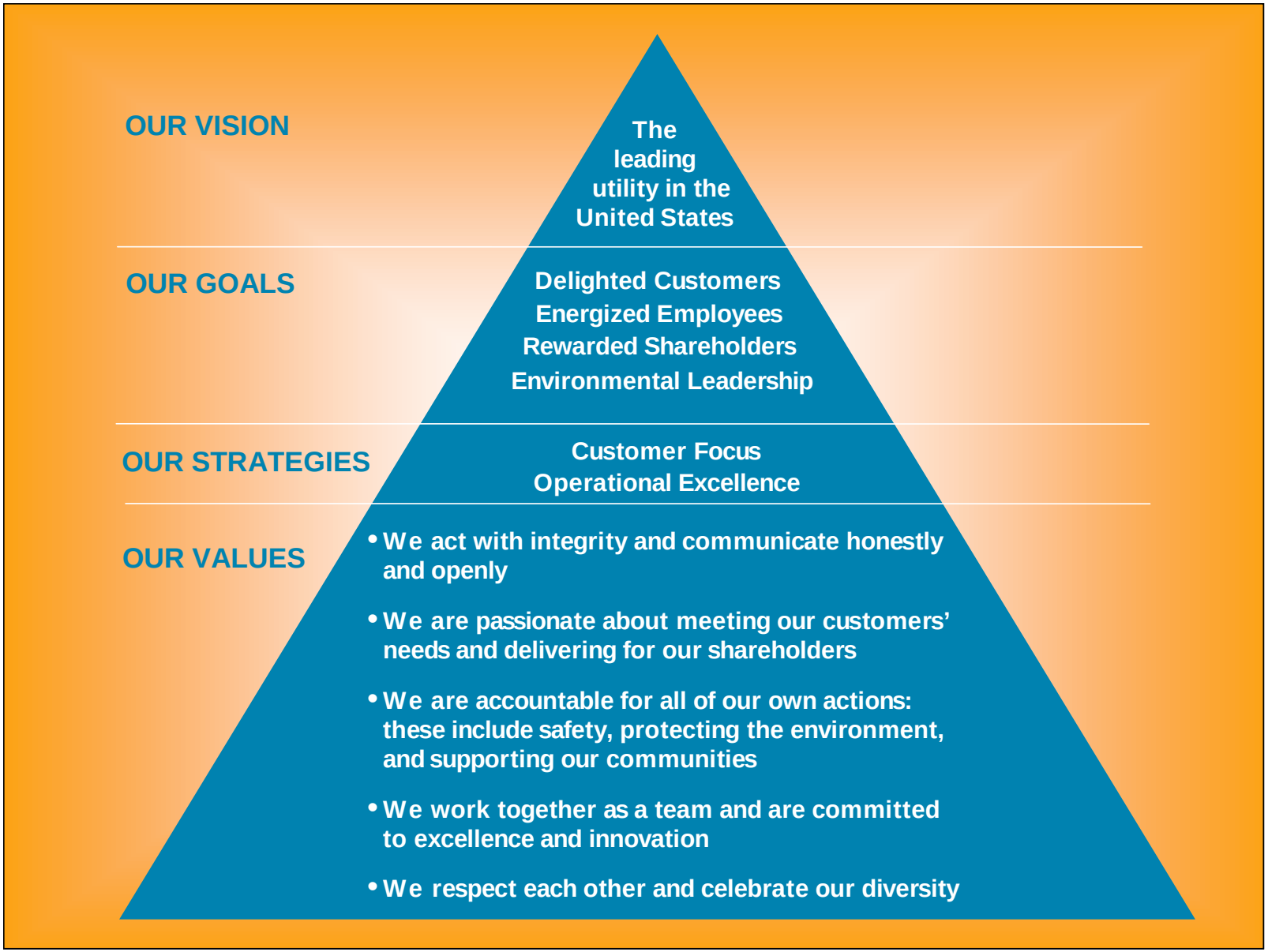
Top Analyst Questions

- **What do you expect from the California regulatory environment?**
- **How will your service territory and business be affected by the economic decline?**
- **What opportunities do you see for owning renewable generation?**
- **What is the potential range of EPS outcomes?**
- **What are your financing needs?**

PCG Investment Case

- **PCG is focused on better service to our customers, which is the foundation of our growth:**
  - **Substantial Cap Ex Program**
  - **Manageable financing requirements**
  - **Decoupled revenues**
  - **Pass-through of procurement costs**
  - **11.45% weighted ROE on 52% equity**
  - **Low carbon footprint**

Vision and Values



2008 Accomplishments

Results from Operations:
$2.95 per share

Managed Storms,
Municipalization Efforts, and
Challenging Economy

Achieved Targeted Performance
and Exceeded Market Expectations

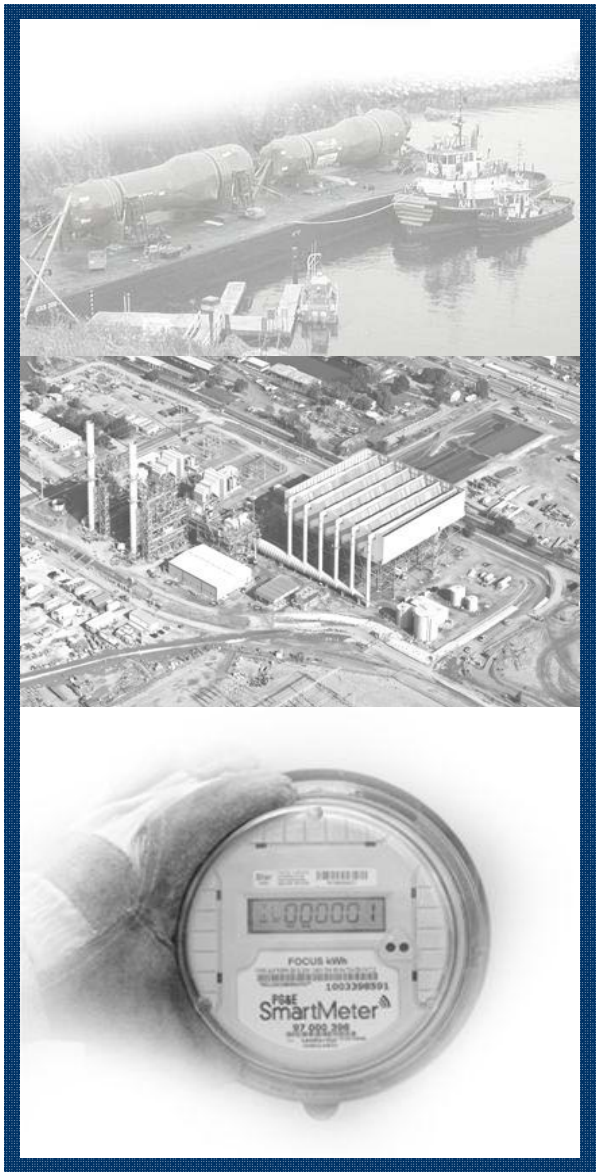
Successful Financings
in Volatile Markets

2008 Accomplishments

Managed complex projects on time and on budget

- **Diablo Unit 2 Steam Generators Replaced**
- **Gateway Power Plant Completed**
- **1.4 million SmartMeters Installed**

In total, executed $3.7B of CapEx in 2008



2008 Accomplishments

Achieved first-quartile performance in customer care by JD Power

Received AAA rating from Innovest Strategic Value Advisors

Named to the Dow Jones Sustainability Index

Recipient of Green Business Award – San Francisco Business Times

Ranked 10th by Corporate Responsibility Officer's Best Corporate Citizens

Dow Jones Sustainability Indexes
Member 2008/09

Innovest
STRATEGIC VALUE ADVISORS

100 BEST CORPORATE CITIZENS

San Francisco Business Times



2009 Business Priorities

- **Improve reliability**
- **Improve safety and human performance**
- **Deliver on budget, on plan, and on purpose**
- **Drive customer satisfaction**
- **Champion effective regulatory and legislative policies**

Knowing Our Customer Needs

Understanding our customers' needs by segment…



… and providing innovative solutions

Delivering on Operational Excellence

Responsibly managing our costs…



… and improving the delivery of reliable, clean energy

Building Strong Regulatory Relations

Sharing our regulators' vision for California's energy future…





… by investing in jobs and renewable generation

Leading on Environmental Issues

Being innovative…



… and limiting risk from new carbon legislation

Supporting Our Communities

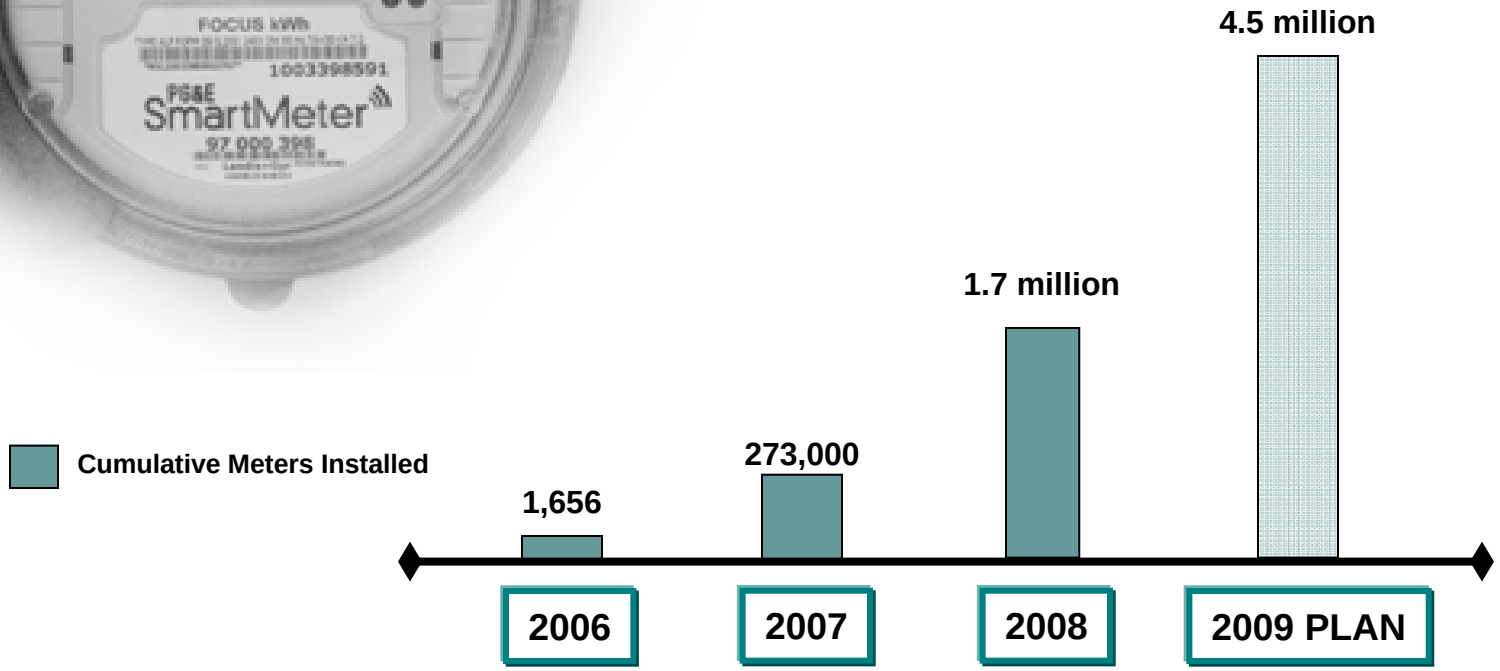
Increased community involvement…



… results in broad support for our priorities

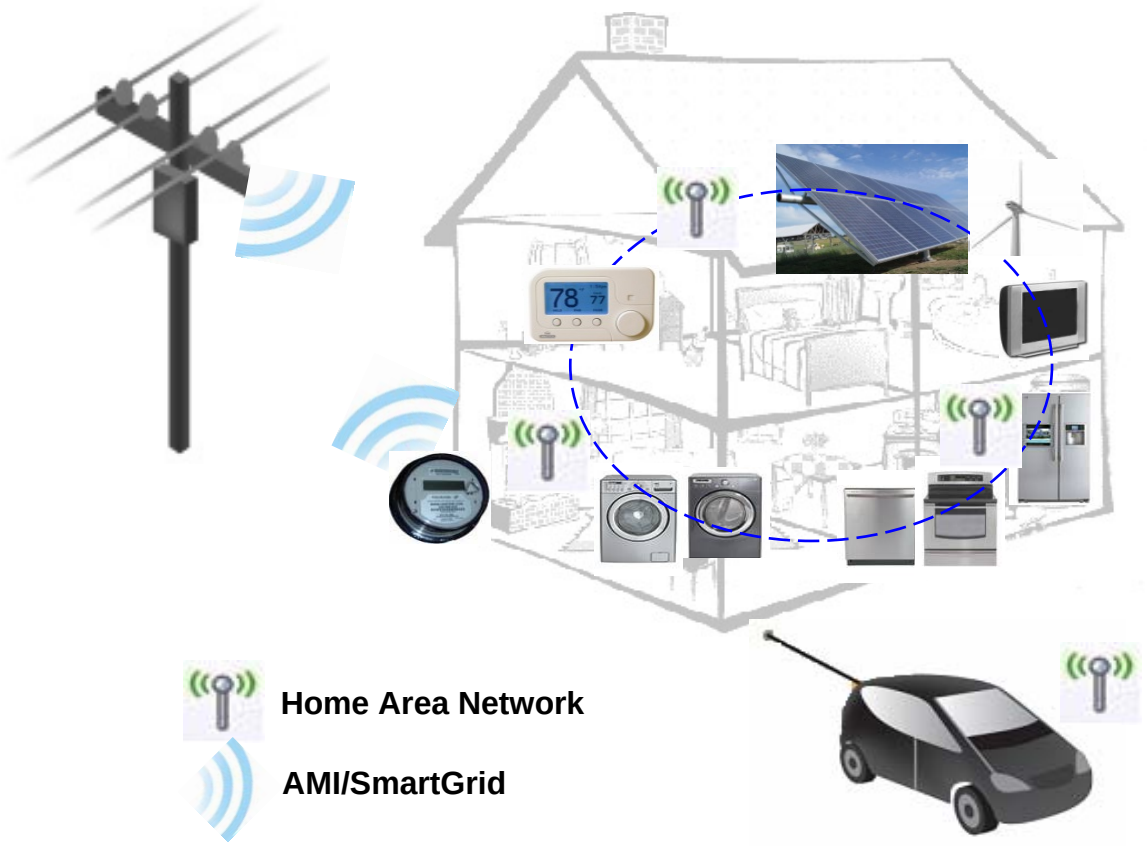
SmartMeter™


FOCUS kWh
10033998591
PG&E
SmartMeter


Cumulative Meters Installed
1,656
273,000
1.7 million
4.5 million
2006
2007
2008
2009 PLAN

“Smart” Opportunities

The SmartMeter™ Project will lead us to other opportunities



“Smart” usage of appliances

PG&E Ownership of Renewables

Enhances customer loyalty

Essential for achieving Renewable Portfolio Standard targets

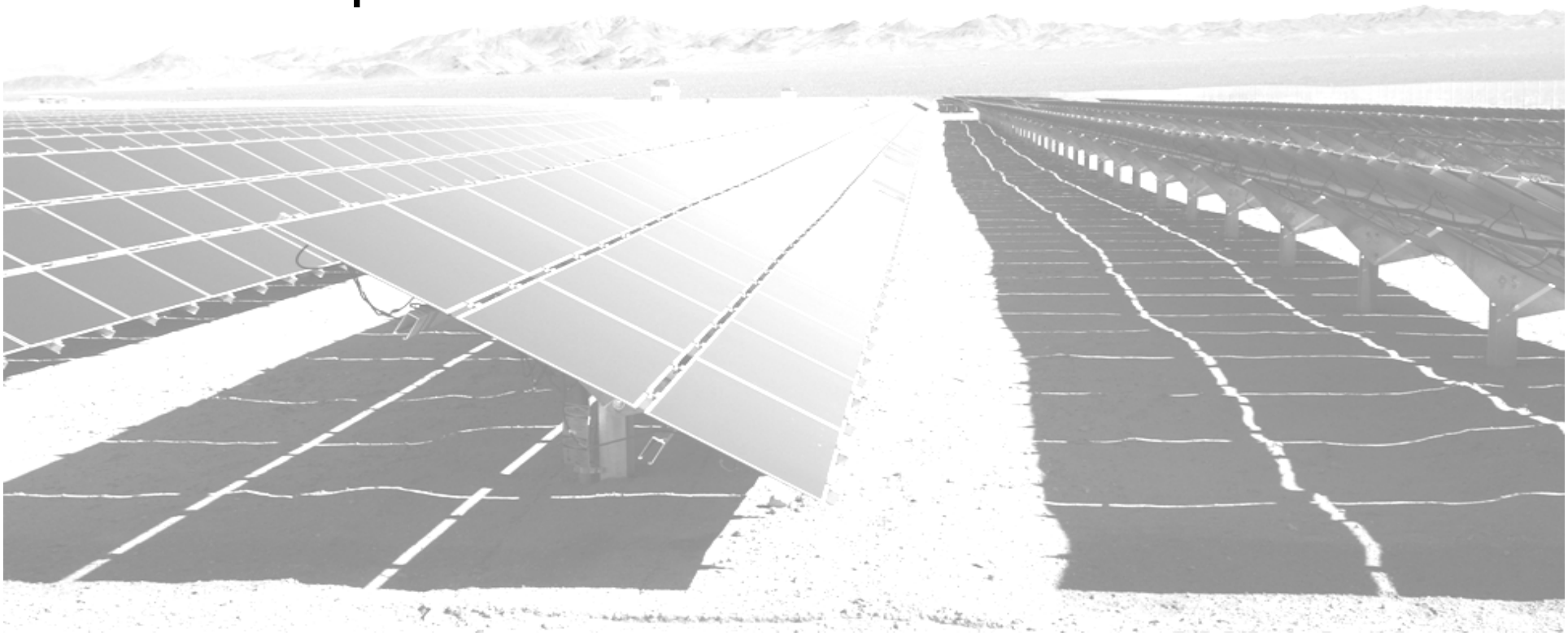


Demonstrates our sustained commitment to environmental leadership

PG&E Ownership of Renewables

Proposed Solar PV Program

- **Up to 250 MW of Utility-owned PV generation**
- **Up to 250 MW of standard-offer PV PPAs**



Delivering on the Vision

PG&E Strategies and Priorities Result in:

- **Meeting customer needs**
- **Working cooperatively with regulators**
- **Delivering strong returns for shareholders**

PG&E's Financial Outlook

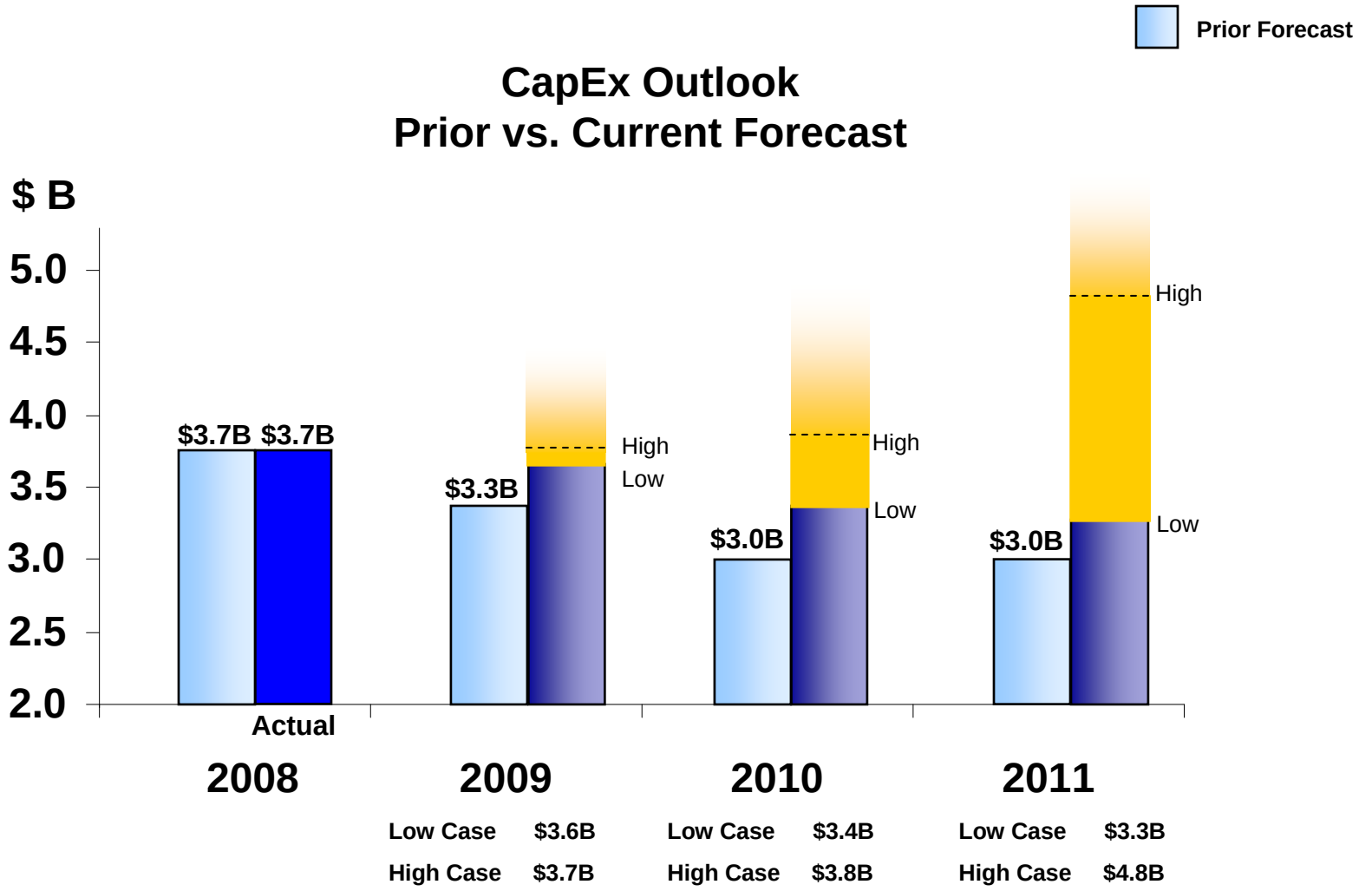
Christopher Johns
Senior Vice President, CFO and Treasurer
PG&E Corporation



PG&E Financial Strategy

- **Achieve solid, sustained EPS growth**
- **Actively manage cash flow**
- **Maintain opportunistic financing approach**

Capital Expenditure Outlook



Capital Expenditure Outlook

Spending Included in Low Case and High Case

	2009	2010	2011
Low Case	**Total CapEx of $3.6B** • **Includes:** • CPUC Basic CapEx of $3.0B • Elec. Trans. CapEx of $600MM • **Does not include:** • SmartMeter Program Upgrade • Cornerstone Program • Renewable Generation • BC Transmission / Pacific Connector Gas Pipeline	**Total CapEx of $3.4B** • **Includes:** • CPUC Basic CapEx of $2.6B • Elec. Trans. CapEx of $800MM • **Does not include:** • SmartMeter Program Upgrade • Cornerstone Program • Renewable Generation • BC Transmission / Pacific Connector Gas Pipeline	**Total CapEx of $3.3B** • **Includes:** • CPUC Basic CapEx of $2.45B • Elec. Trans. CapEx of $850MM • **Does not include:** • SmartMeter Program Upgrade • Cornerstone Program • Renewable Generation • BC Transmission / Pacific Connector Gas Pipeline
High Case	**Total CapEx of $3.7B** • **Includes:** • CPUC Basic CapEx of $3.0B • Elec. Trans. CapEx of $600MM • SmartMeter Program Upgrade • Cornerstone Program • Renewable Generation •**Does not include:** • BC Transmission / Pacific Connector Gas Pipeline	**Total CapEx of $3.8B** • **Includes:** • CPUC Basic CapEx of $2.6B • Elec. Trans. CapEx of $800MM • SmartMeter Program Upgrade • Cornerstone Program • Renewable Generation • **Does not include:** • BC Transmission / Pacific Connector Gas Pipeline	**Total CapEx of $4.8B** • **Includes:** • CPUC Basic CapEx of $3.1B • Elec. Trans. CapEx of $1.0B • SmartMeter Program Upgrade • Cornerstone Program • Renewable Generation • **Does not include:** • BC Transmission / Pacific Connector Gas Pipeline

CapEx Low and High Cases

Capital Expenditure Forecast ($MM)

	2009		2010		2011	
					Low	High
Common Plant	250*		150*		$300	$400
Gas Transmission	250*		200*		$150	$250
Electric Transmission	600*		800		$850	$1,050
Conventional Generation	800*		550*		$350	$400
SmartMeter Program	450*		350*		150*	
Distribution	1250*		1350*		$1,500	$1,900
	Low	**High**	**Low**	**High**	**Low**	**High**
SmartMeter Program Upgrade	$0	$130	$0	$70	$0	$50
Cornerstone Program	$0	$5	$0	$150	$0	$300
Renewable Generation	$0	$5	$0	$180	$0	$300
Total	$3,600	$3,740	$3,400	$3,800	$3,300	$4,800

* Already included in rates

- 2011 GRC Category Capital Expenditures

Additional Capital Opportunities

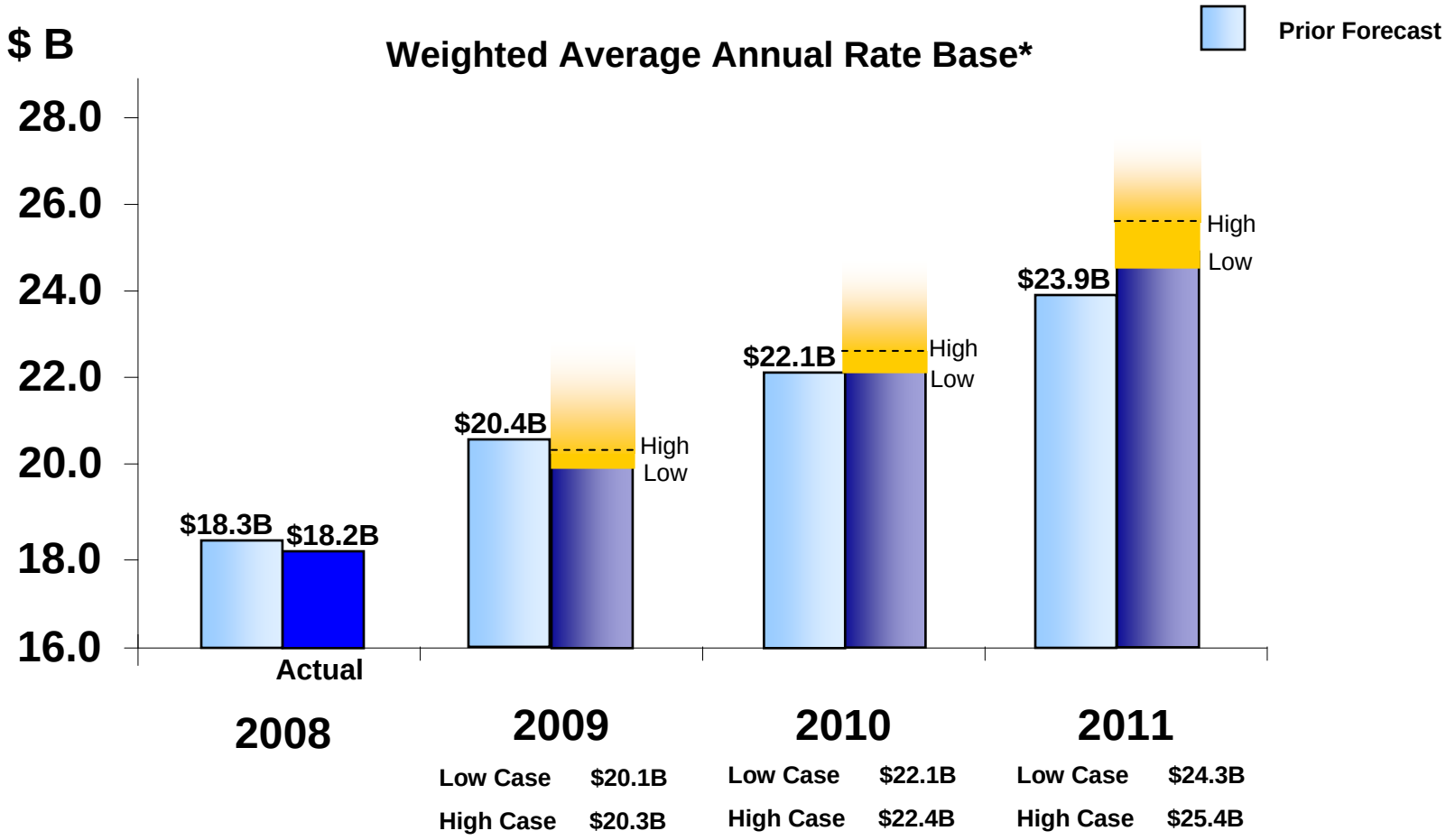
Generation

- Prior RFO Shortfalls
- RFO for 2006-2016 issued April 2008 for 800-1200 MW
- Additional renewable generation investment opportunities

Electric Transmission & Gas Pipelines

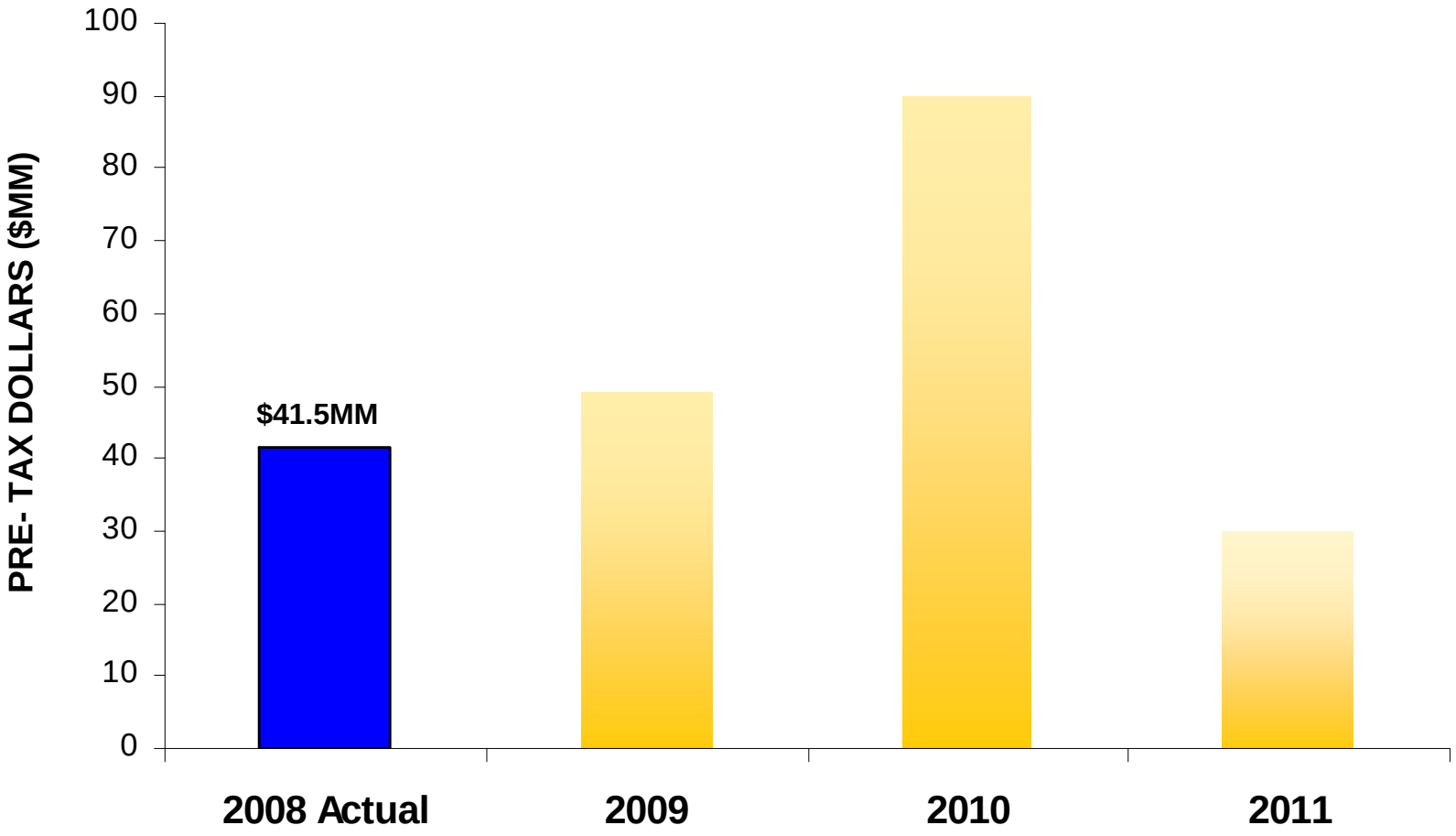
- Additional transmission to reach renewable generation
- B.C. Transmission Line
- Pacific Connector Gas Pipeline

Rate Base Growth

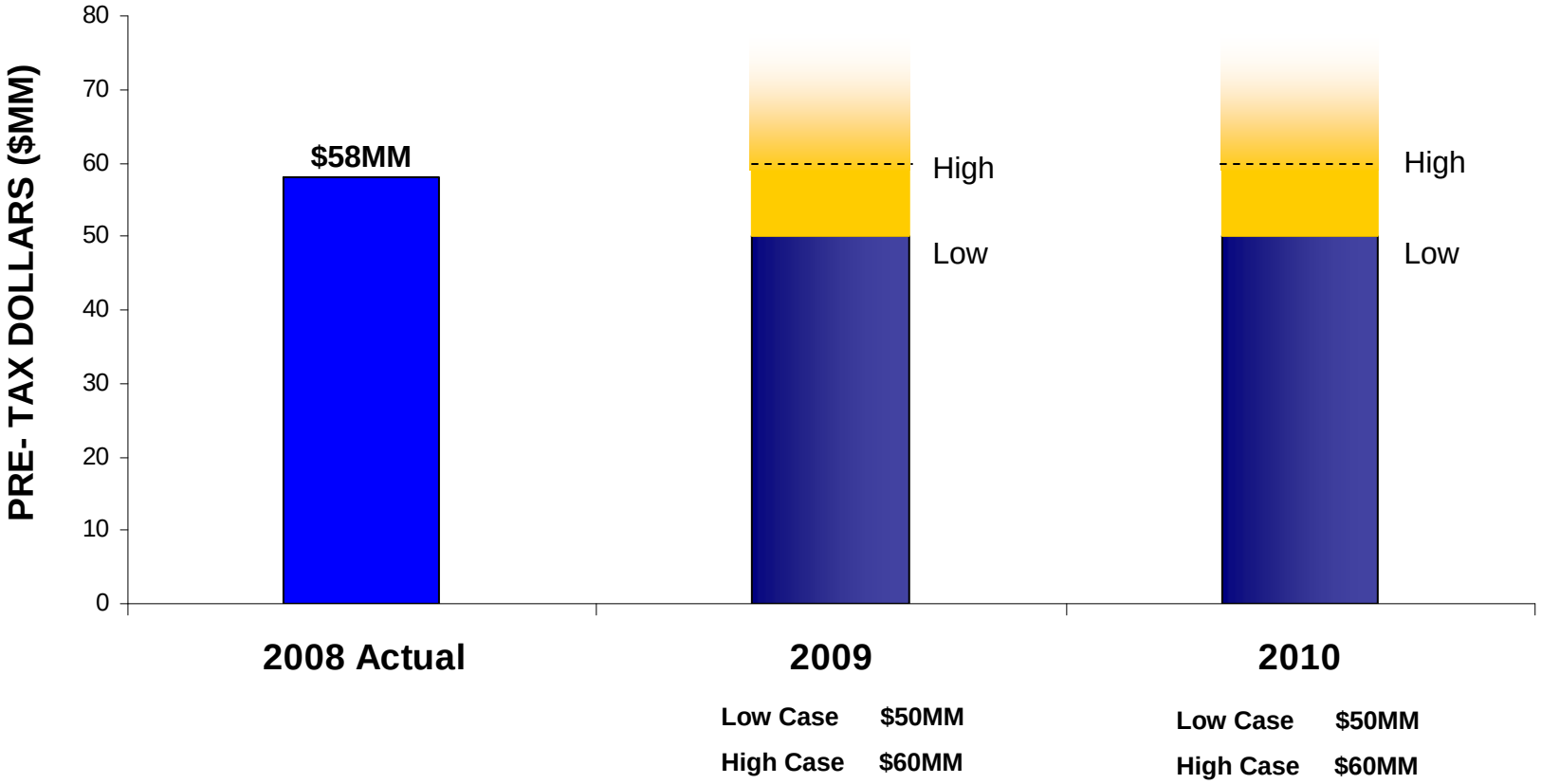


* Projected 2008-2011 rate base is not adjusted for the impact of the carrying cost credit that primarily results from the second series of the Energy Recovery Bonds. Earnings will be reduced by an amount equal to the deferred tax balance associated with the Energy Recovery Bonds regulatory asset, multiplied by the Utility's equity ratio and by its equity return. This rate base offset carrying cost declines to zero when the taxes are fully paid in 2012.

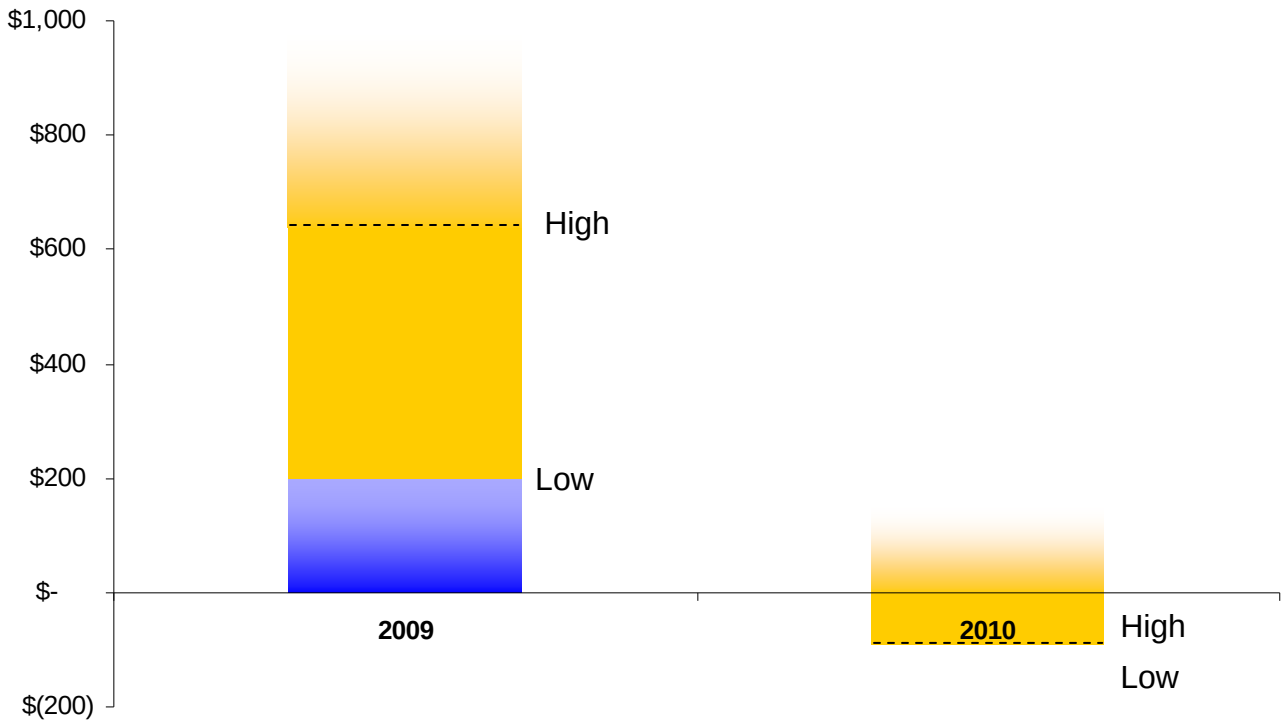
Energy Efficiency Incentive Opportunities



Operational Changes and Efficiencies



Impact to Cash Flow from Tax

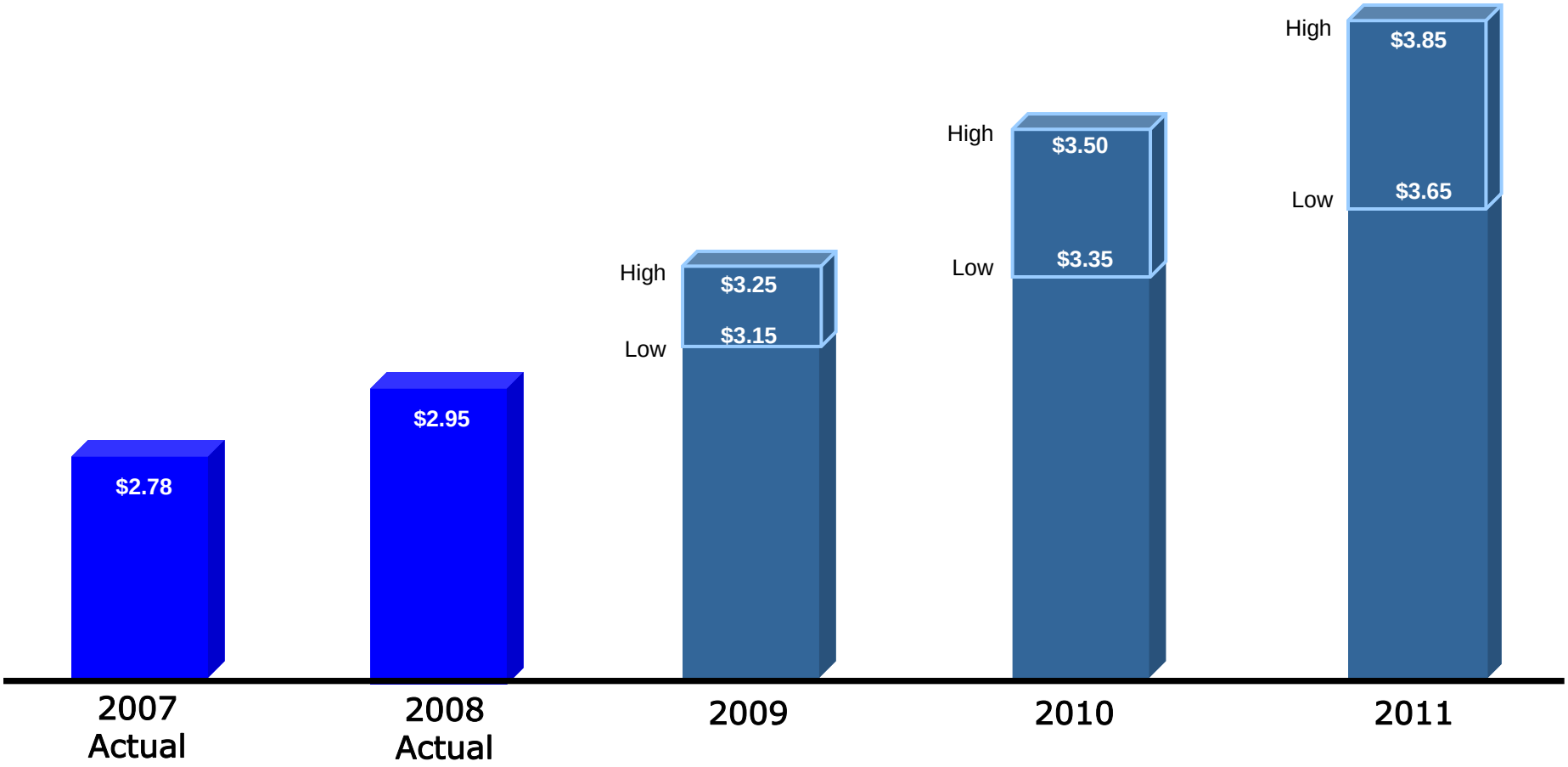


Low Case $200M
High Case $640M

Low Case ($90M)
High Case ($90M)

EPS Guidance

Earnings per Share from Operations



Cash Flow and Equity Needs

Financing Needs 2009 – 2011 ($MM)

	2008 Actual	2009 Low		2009 High	2010 Low		2010 High	2011 Low		2011 High	2009 - 2011 Low		2009 - 2011 High
Cash from operations*	2,431	2,889	to	3,439	2,639	to	2,739	2,914	to	3,189	**8,442**	**to**	**9,367**
Capital Expenditures	(3,628)	(3,600)	to	(3,750)	(3,400)	to	(3,775)	(3,325)	to	(4,825)	**(10,325)**	**to**	**(12,350)**
Long-term Debt Maturities	(454)	(600)	to	(600)	0	to	0	(500)	to	(500)	**(1,100)**	**to**	**(1,100)**
Utility Debt Financing	1,941	1,450	to	1,325	1,125	to	1,250	1,150	to	1,800	**3,725**	**to**	**4,375**
Preferred Stock Dividends	(14)	(14)	to	(14)	(14)	to	(14)	(14)	to	(14)	**(42)**	**to**	**(42)**
Equity free cash flow	276	125	to	400	350	to	200	225	to	(350)	**700**	**to**	**250**
Less: Corporate common stock dividends paid	(546)	(575)	to	(600)	(650)	to	(700)	(750)	to	(800)	**(1,975)**	**to**	**(2,100)**
Net Utility Equity Requirements	(270)	(450)	to	(200)	(300)	to	(500)	(525)	to	(1,150)	**(1,275)**	**to**	**(1,850)**

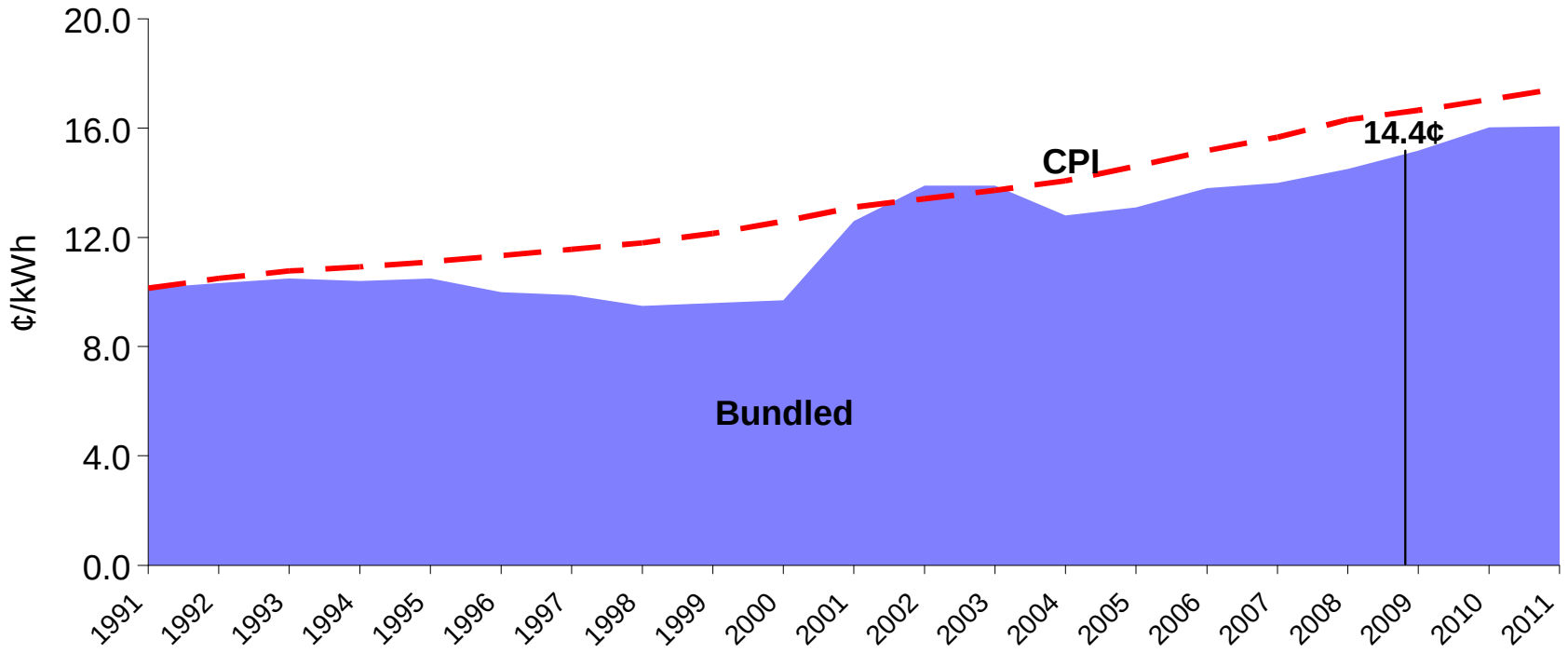
* Excludes cash from Energy Recovery Bond revenues

Projected Sources of Equity

		2009 - 2011		
401K /DRIP	$100 - $200 per year	**300**	**to**	**600**
Holding Company Debt	$300 - $500 total	**300**	**to**	**500**
New Equity		**675**	**to**	**750**
	Total	**1,275**	**to**	**1,850**

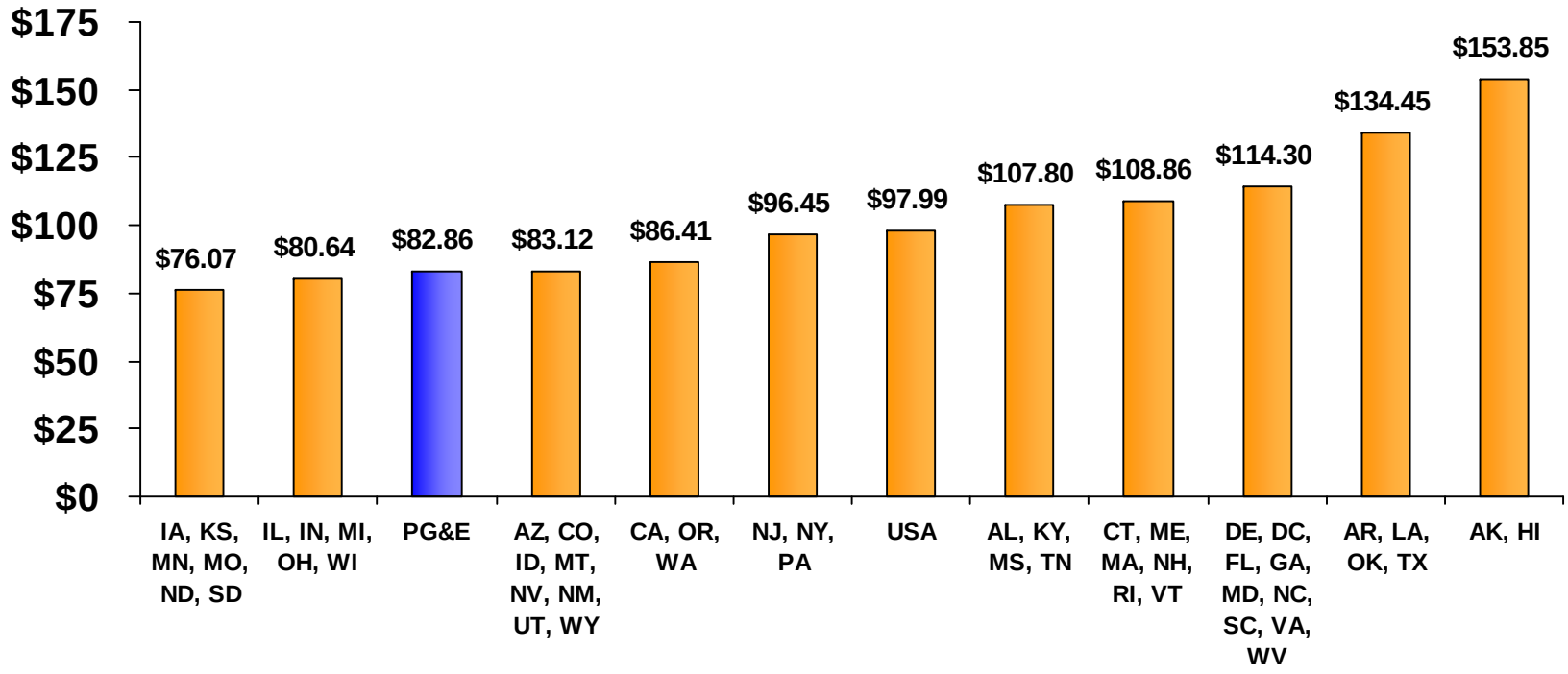
Electric Rate Forecast

Bundled System Average Electric Rate



Residential Electric Bills

Residential Average Monthly Bills by Region[1]

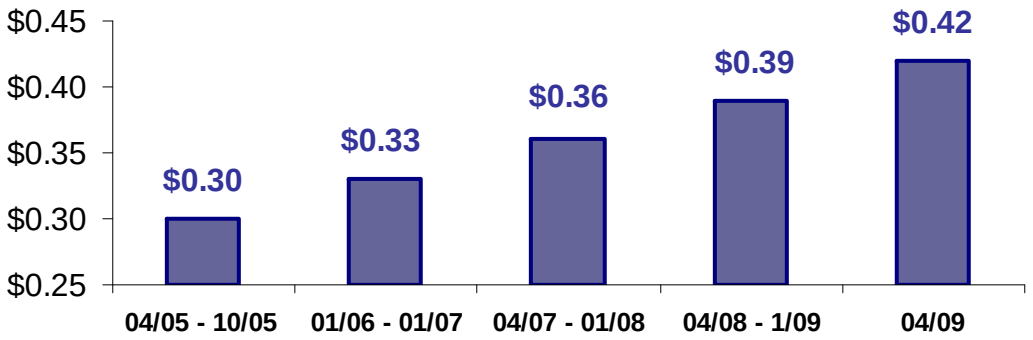


[1] Edison Electric Institute, Statistical Yearbook, Year 2007 (latest data available).

Dividend Policy

- **Sustainable, comparable dividend**
- **Payout ratio range of 50% - 70%**
- **Dividend growth in line with EPS growth.**

Historical Quarterly Dividends per Share



Financial Assumptions 2009-2011

GUIDANCE REFLECTS:

- **Capital expenditures consistent with low and high case ranges**
- **CPUC authorized ROE of at least 11.35% and Utility earns at least 12% on FERC projected rate base**
- **Ratemaking capital structure maintained at 52% equity**
- **CEE incentives, operational changes and efficiencies and tax cash flow consistent with low and high case ranges**
- **Current conditions for debt and equity markets**
- **Resolution of FERC generator claims in 2009-2011 results in financing needs**

Achievement of Guidance

Exceeded expectations with earnings for 2007 and 2008

- Met Challenges
- Energy Efficiency Incentive Award of $41.5 MM
- Operating Efficiencies of $60 MM
- Tax settlements augment cash flow
- Identified Cap Ex Opportunities
  - SmartMeter Upgrade
  - Renewable Generation Investment
  - Cornerstone Improvement Program

Regulatory Update



Impacts of Current Economy

Issue	Regulatory Mechanism
Decreased sales due to housing market and business sector decline	Decoupled revenues and sales
Fluctuating commodity costs	Pass-through of energy procurement costs
Volatile capital markets	Multi-year cost of capital mechanism
Decline of equity markets	Pension precedents and recovery assurance

CPUC Cost of Capital Mechanism

Benchmark (Oct. 06 – Sept. 07)	
Rating	Benchmark
A	6.02
Baa	6.26

Moody's Utility Bond Yield Index	
Rating	Current Avg. (Oct. 08 – Jan. 09)
A	7.02
Baa	8.40

If the Moody's Utility Bond Yield Index average for October 2008 – September 2009 moves above 100 basis points from the benchmark …



Then our authorized ROE (11.35%) will move up one-half of the change in the index and cost of debt is reset to embedded plus projected cost

Pension Status

- **Currently 83% funded**
- **2006 Pension Settlement set rate recovery for pension contributions**
  - **Contributing $176MM annually through 2010**
- **Regulatory accounting allows PG&E to neutralize pension-related earnings impact**
- **A balancing account protects shareholders in the event minimum required cash contribution levels rise above $176MM per year**

Energy Efficiency Incentive Revenues

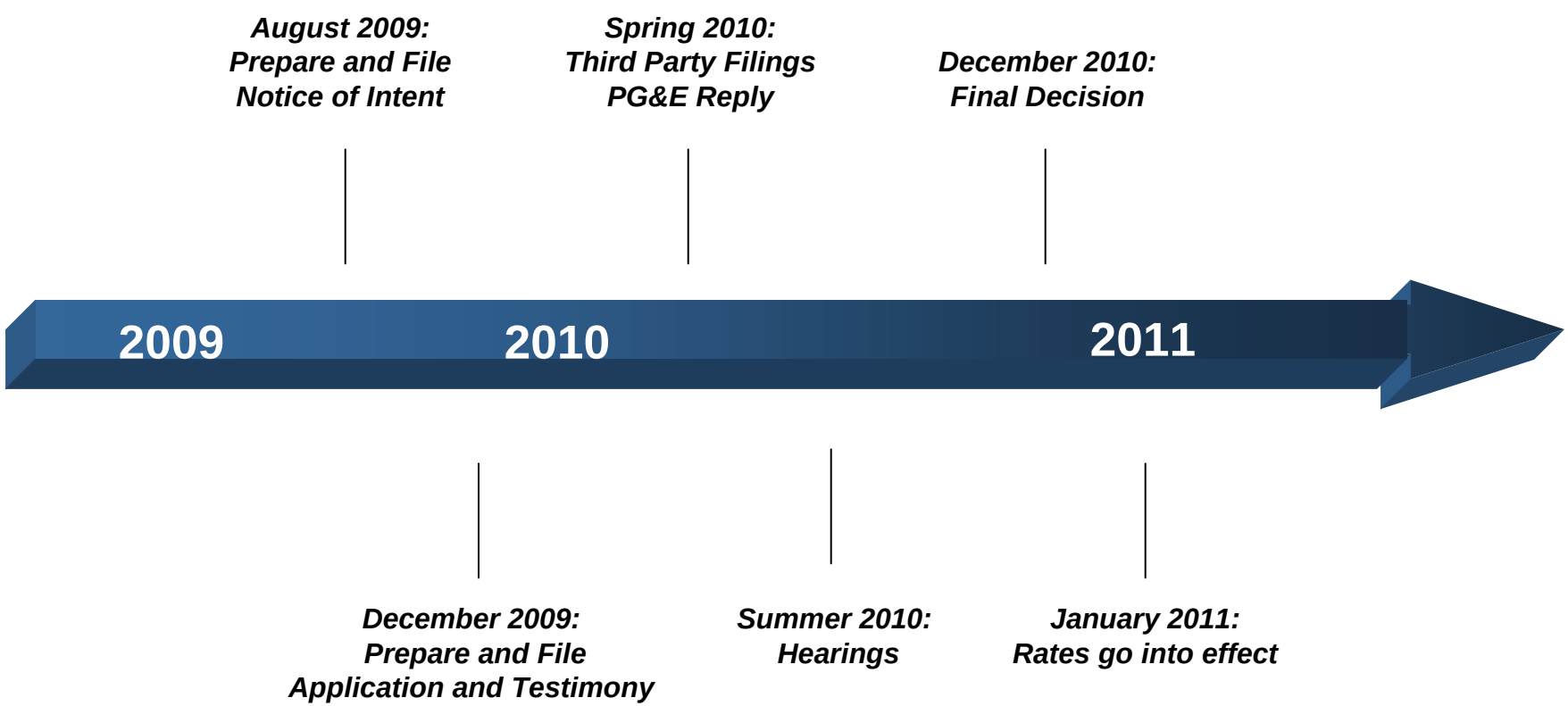
2006 – 2008 Cycle

- Received 35% of 2006-2007 incentive opportunity
- CPUC plans to complete review of 2006-2008 programs by December 2009
- CPUC plans to complete true-up of 2006-2008 holdback by December 2010

2009 – 2011 Cycle

- Determination of new mechanism underway
- Process aims to be streamlined and transparent
- Regular ongoing earnings opportunity

2011 General Rate Case



FERC Updates

Transmission Cases

- **TO 10**
  - **Requested: $760.5 million in retail revenue requirement**
  - **Settlement: $718 million in October 2008**
- **TO 11**
  - **Requested: $849 million**
  - **Settlement: In negotiations, expect decision in Q3 2009**
- **TO 12**
  - **On track to file August 1, 2009**

PG&E's Operational Outlook

Jack Keenan
Senior Vice President and Chief Operating Officer
Pacific Gas and Electric Company



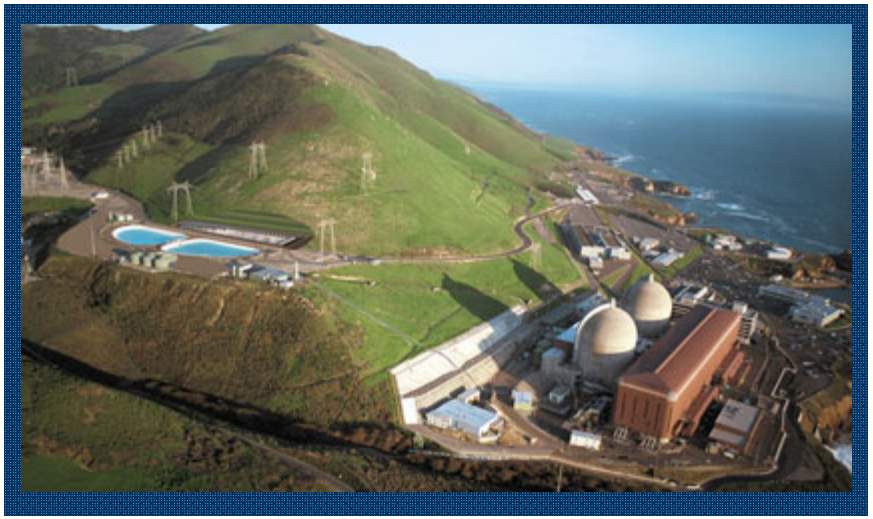
Investment in Infrastructure

Generation

- **Diablo Unit 1 Steam Generators**
- **Gateway**
- **Colusa**
- **Humboldt**

Diablo Canyon Steam Generator Replacement

- **$700 Million approved capital investment**
- **Unit 2 replacement completed in 69 days in 2008**
- **Unit 1 replacement began January 25, 2009**



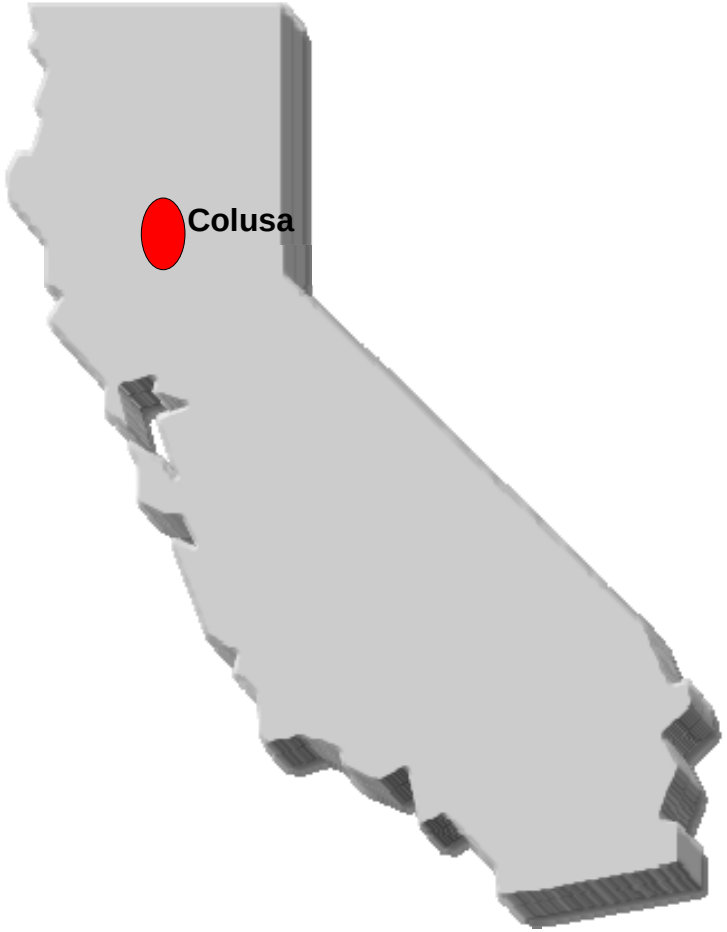
Gateway Generating Station



- **Gateway came online January 2009**
- **Generating capacity is 530 MW**
- **On time, on budget**
- **Zero lost time due to safety incidents**
- **Currently operating at full capacity**

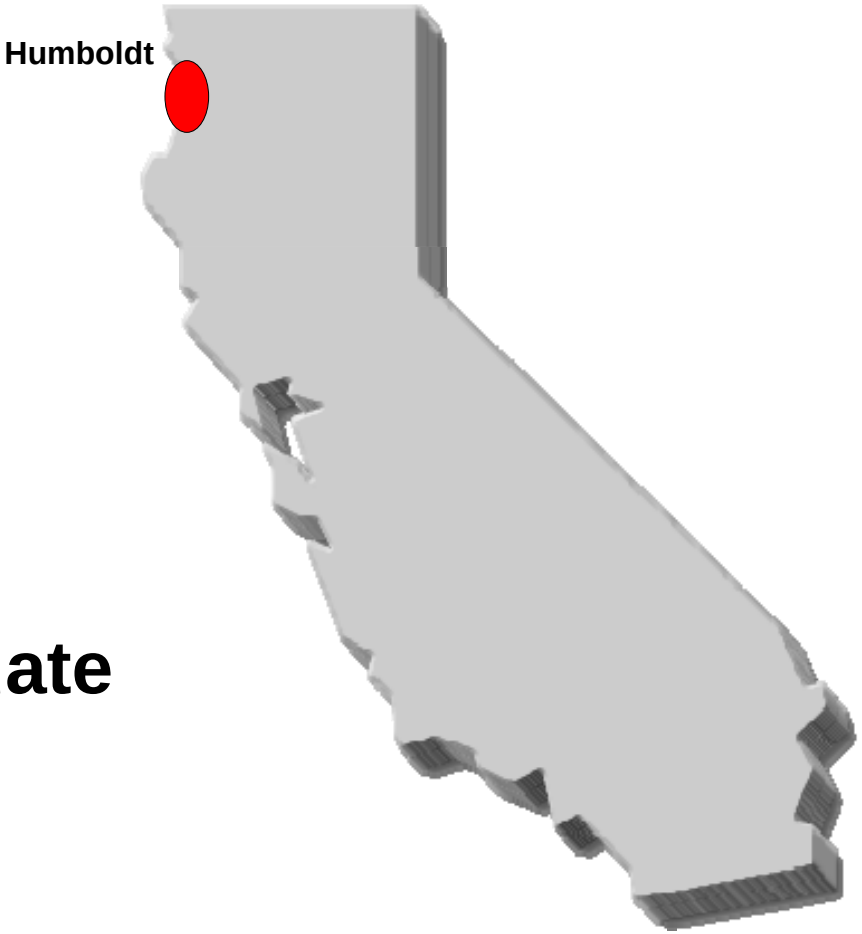
Colusa Generating Station

- **Construction began in October 2008**
- **Generating capacity is 657 MW**
- **Cost cap is $673 MM**
- **Targeting 2010 online date**



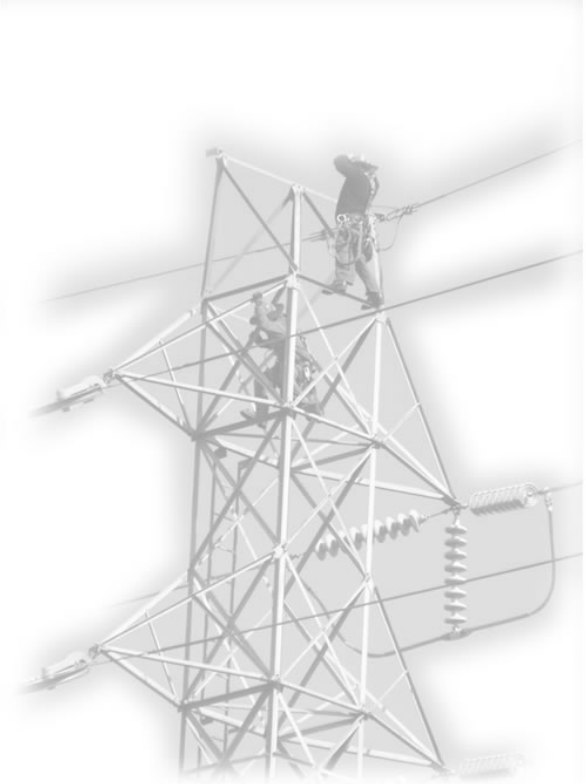
Humboldt Bay Project

- **Construction began February 2009**
- **Generating capacity is 163 MW**
- **Cost cap is $239 MM**
- **Targeting 2010 online date**



Transmission Investments

Category	2009	2010	2011
System Expansion/Congestion Relief	$230M	$400M	$590M
Maintenance and Replacement	$280M	$290M	$310M
Automation Technology Expansion	$70M	$90M	$110M
New Generation Interconnection	$20M	$20M	$40M
Total	$600M	$800M	$1050M



*All numbers are approximate

Distribution Investments

- **$1.2 - $1.5 Billion annual investment**
  - **Infrastructure main spend categories:**
    - **Substations**
    - **Poles and Maintenance**
    - **New Customer Connects**
    - **Capacity and Reliability**



Electric Procurement

Ensure reliable supply while reducing cost and risk

- Goals include supporting environmentally preferred resources
- Portfolio diversification is key
- Competitive solicitations and pre-approval of plans keep risk low

Market Redesign Technology Upgrade (MRTU)

- Implemented by CAISO
- Operate the transmission grid even more reliably
- Create a day-ahead market for wholesale electricity
- Improve the current existing real time market for wholesale electricity

RPS Strategy

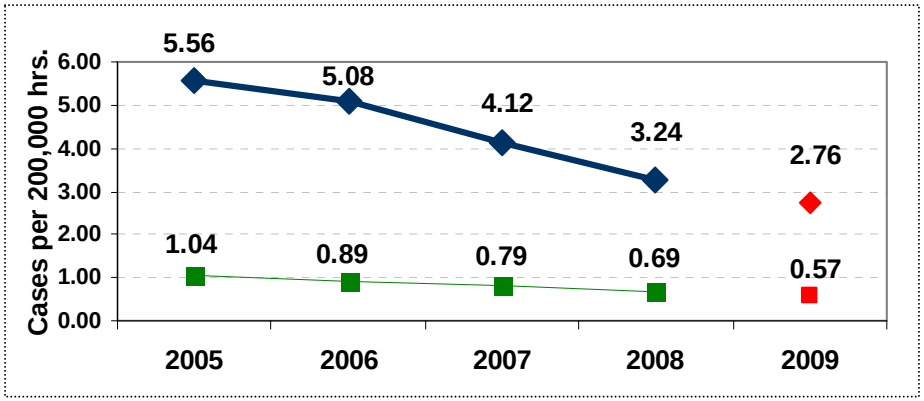
- **Expect 14% deliveries from renewable resources in 2009**
- **Contracted/Current deliveries represent over 20% of projected load for 2013**
- **Utility Owned PV is a contributor to achieving RPS goals**



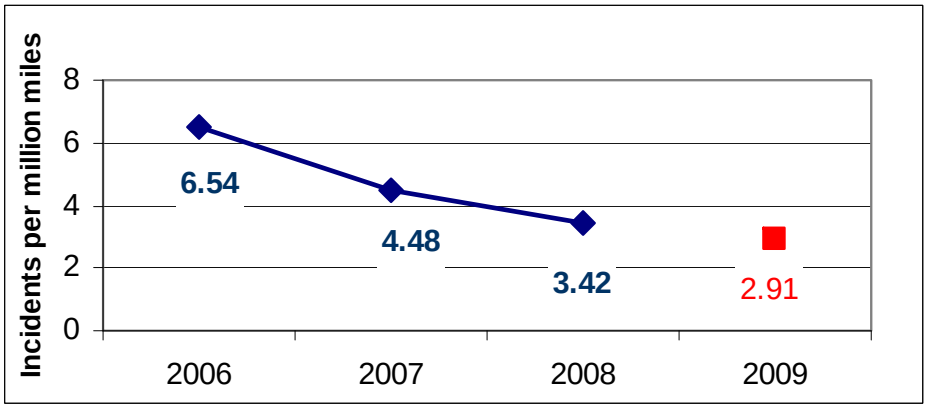
Zero In on Safety

- **Aggressive targets for safety metrics with goal of accelerating toward ZERO incidents**
- **Enhanced Safety Action Plans, Ergonomic Program, Drivers Training Program**
- **Expanded Safety Committees throughout company**
- **Implemented Root Cause Investigation Process**
- **OSHA, Lost Workday and Motor Vehicle rates all down significantly since 2006**

OSHA Recordable Rate / Lost Workday Case Rate



Motor Vehicle Incident Rate

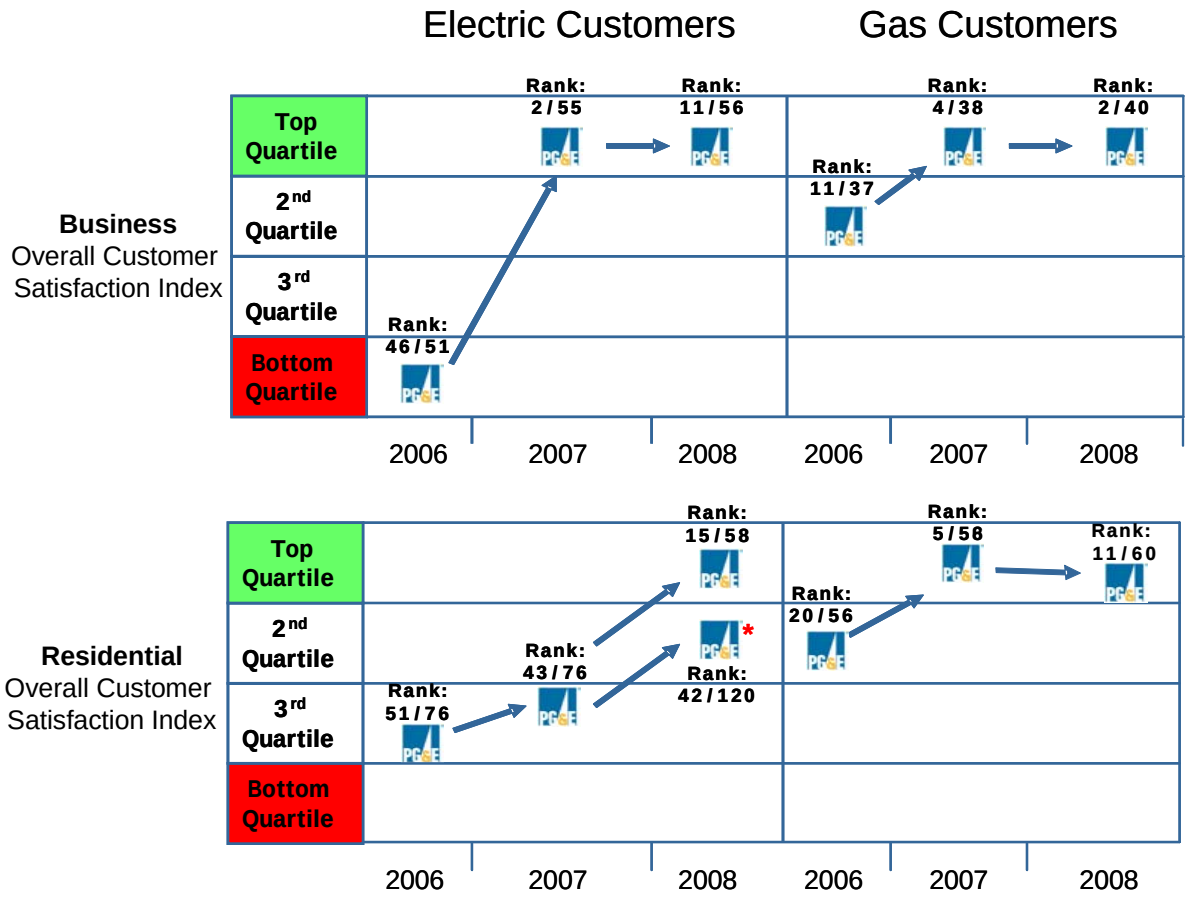


Improving Human Performance

- **Field Services Productivity**
- **Strategic Sourcing**
- **Real Estate Optimization**
- **Cash Cycle Management**
- **Inventory Management**



Customer Satisfaction



Note: Residential data released in July (Electric) and September (Gas); Business data released in February (Electric) and March (Gas)

* Residential Electric Study switched from a telephone to an online survey in 2008 and expanded to cover 120 utilities that serve 125,000 or more residential electric customers. JD Power also provided rankings for a subset of the 58 large utilities that serve at least 500,000 residential electric customers

Brand Health

- **Reliability of Service**
- **Pricing of Service**
- **CEE & Environmental Stewardship**
- **Customer Service Experience**
- **Bill & Payment Options**
- **Community Involvement**
- **Field Service Experience**

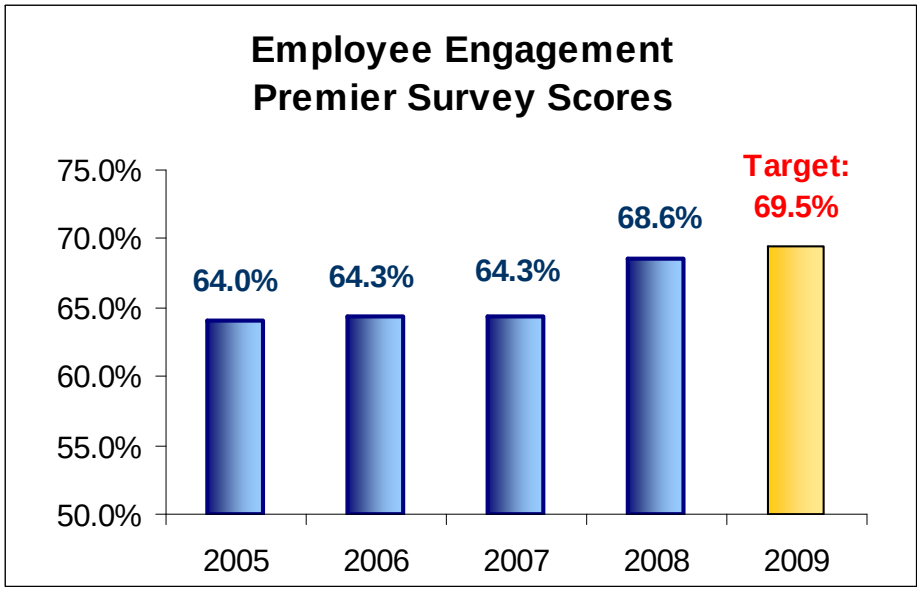
Reliable Energy Delivery

We measure Reliable Energy Delivery across a number of factors, including:

- SAIFI - Indicates Average Outages/Customer
- CAIDI - Measures Average Restoration Time
- Execution of Electric Work Units
- Gas Transmission & Distribution Integrity

Employee Engagement

- **Employee Engagement measured through annual survey**
- **Scores have steadily increased since 2005**
- **2009 Target is 69.5%**



2009 Short Term Incentive Program

2009 Compensation metrics	Percentage Weight
Delivering on EPS Goals *(Measurement of earnings from ongoing core operations)*	*50%*
Customer Satisfaction & Brand Health Index *(Composite of customer surveys and marketing research)*	*17.5%*
Reliable Energy Delivery Index *(Composite of various reliability metrics)*	*17.5%*
Safety Performance *(Measurement of occupational injury or illness based on OSHA Recordables)*	*10%*
Employee Engagement Premier Survey *(Measurement of employee engagement at PG&E)*	*5%*

Conclusion

Peter Darbee
Chairman, CEO and President
PG&E Corporation



PCG Investment Case

- **PCG is focused on better service to our customers, which is the foundation of our growth:**
  - **Substantial Cap Ex Program**
  - **Manageable financing requirements**
  - **Decoupled revenues**
  - **Pass-through of procurement costs**
  - **11.45% weighted ROE on 52% equity**
  - **Low carbon footprint**

Notes

Appendix



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**



PG&E SERVICE AREA
IN CALIFORNIA

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 4.3 million gas customer accounts

Primary Assets

- $11.9 billion of rate base (2008 wtd. avg.)

Regulation

- California state regulation (CPUC)
- Cost of service ratemaking [1]

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

Electric Transmission

Business Scope

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

Primary Assets

- $2.8 billion of rate base (2008 wtd. avg.)

Regulation

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



Natural Gas Transmission

Business Scope

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

Primary Assets

- $1.5 billion of rate base (2008 wtd. avg.)

Regulation

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

Electric Procurement & Owned Generation

Business Scope

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

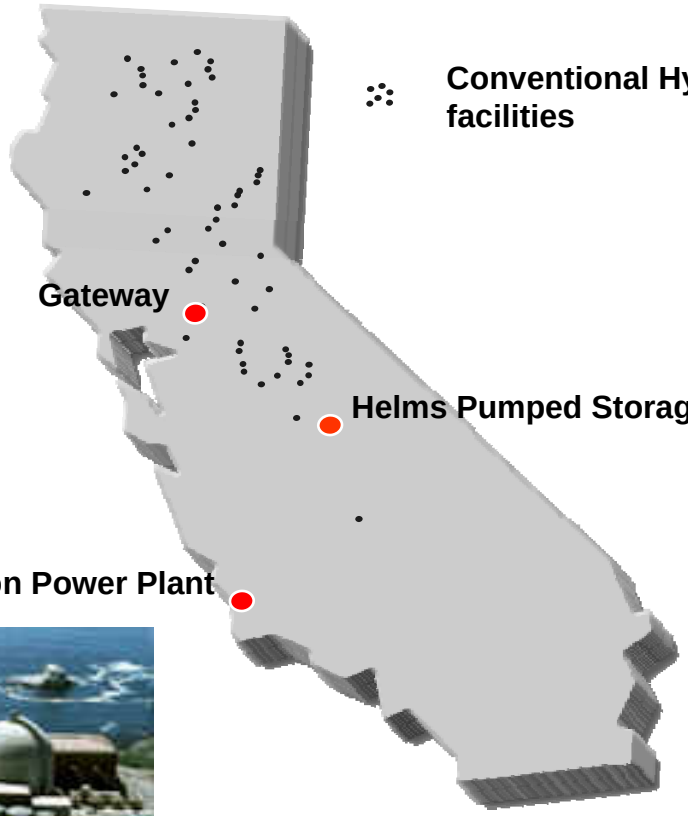
Primary Assets

- $2.0 billion of rate base (2008 wtd. avg.)
- Diablo Canyon Nuclear Power Plant (2,240 MW)
- Gateway Generating Station (530 MW)
- Largest privately owned hydro system (3,896 MW)
- Funded nuclear plant decommissioning trusts of $1.8 billion

Regulation

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

PG&E Generation in California



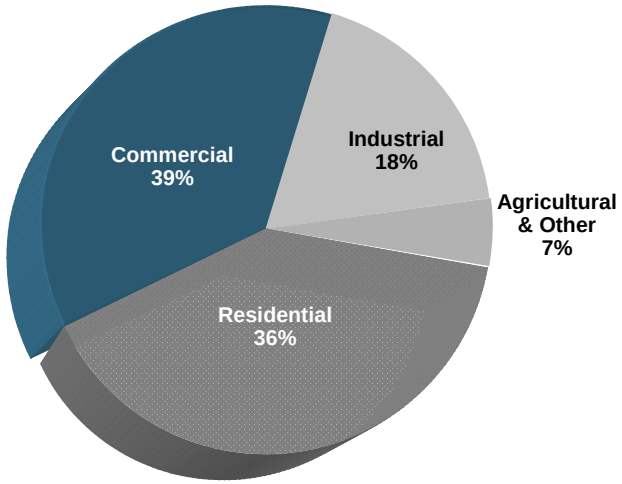




2008 Customer Profiles (% by Sales)

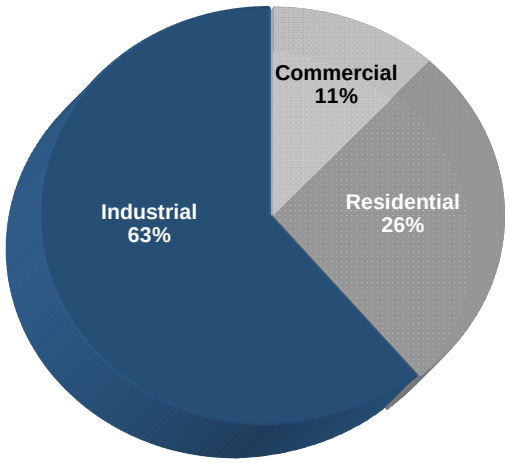
Electric Customers

(88,127 GWh delivered)



Gas Customers

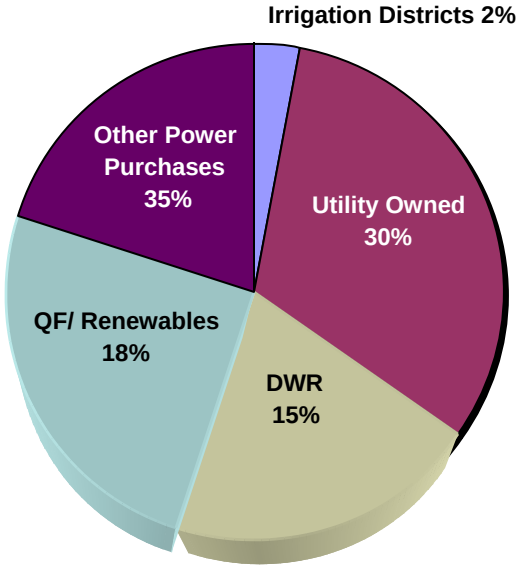
(839 Bcf delivered)



Existing Resource Mix

Owned Generation	Type	Net Capacity (MW)
Diablo Canyon	Nuclear	2,240
Hydroelectric Facilities	Hydro	3,896
Humboldt	Fossil	135
Total		6,271

2008 total 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.

Key Regulatory Proceedings

Case	Docket #	Expected Decision Date
SmartMeter™ Upgrade Program	A. 07-12-009	3/12/2009
Energy Efficiency 2009-2011 Programs Incentive Mechanism	A.08-07-031 R.09-01-019	Q3 2009 for the 2009-2011 Portfolio Rulemaking Opened Q1 2009 Interim earnings claim for 2008 in Q4 2009 True-up earnings claim for 2006-2008 in Q4 2010
Direct Access • Phase 1 – Legal Issues • Phase 2a – DWR Contracts • Phase 2b – Merit • Phase 3 – Rules	OIR: Q2 2007	 2/29/08 Q4 2008 TBD TBD
AB 32 Implementation · CARB Scoping Plan · Implementation (regulations in effect)	AB 32 signed 9/2006	 1/1/2009 1/1/2012
Gas Transmission & Storage Rate Case 2011		Filing in Q3 2009
Hydro Divestiture	A. 08-04-022	2009
Transmission Owner Rate Case 11	ER08-1318-000	Q2 2009
Transmission Owner Rate Case 12		Filing in Summer 2009
Planning Reserve Margin	R. 08-04-012	Q3 2009
2011 General Rate Case		Filing in August 2009
Cornerstone Improvement Program	A. 08-05-023	Hearings in 2009
Dynamic Pricing		Filing in February 2009
SmartGrid OIR	R. 08-12-009	OIR – December 2008 Responses due February/March 2009
Short-term Debt Application	A. 08-12-014	March 2009
PG&E Renewable Generation and Solar Projects		Filing in February 2009

CPUC Cost of Capital Mechanism

PG&E is currently rated

BBB+ / A3

2009	A	Baa
Oct-07	6.11	6.36
Nov-07	5.97	6.27
Dec-07	6.16	6.51
Jan-08	6.02	6.35
Feb-08	6.21	6.60
Mar-08	6.21	6.68
Apr-08	6.29	6.82
May-08	6.27	6.79
Jun-08	6.38	6.93
Jul-08	6.40	6.97
Aug-08	6.37	6.98
Sep-08	6.49	7.15
Oct '07 - Sep '08 Avg.	**6.24**	**6.70**
Benchmark	**6.02**	**6.26**
Change From Benchmark	**0.22**	**0.44**

Result for 2009: No change in ROE

2010	A	Baa
Oct-08	**7.56**	**8.58**
Nov-08	**7.60**	**8.98**
Dec-08	**6.54**	**8.13**
Jan-09	**6.39**	**7.90**
Feb-09		
Mar-09		
Apr-09		
May-09		
Jun-09		
Jul-09		
Aug-09		
Sep-09		
Oct-Jan '09 Average	**7.02**	**8.40**
Current Difference from benchmark	**1.00**	**2.14**

If Change from Benchmark is > 1.0



ROE for 2010 is increased (decreased) to ½ Change from Benchmark

Renewable Contracts Signed

Over 20% of Projected Load Currently Under Contract*

Year Signed	Project	Max GWh/yr	Technology
2006	HFI Silvan	142	Biomass
2006	Liberty Biofuels	70	Biofuels
2006	Bottle Rock USRG	385	Geothermal
2006	IAE Truckhaven	366	Geothermal
2006	Global Common - Chowchilla	72	Biomass
2006	Global Common – El Nido	72	Biomass
2006	Newberry	840	Geothermal
2006	Calpine Geysers	922	Geothermal
2006	Eden Vale Dairy	1.3	Biogas
2006	Microgy	TBD	Biogas
2006	Bio_Energy LLC	TBD	Biogas
2006	Palco	36	Biomass
2007	Solel	1388	Solar Thermal
2007	PPM-Klondike	265	Wind

Year Signed	Project	Max GWh/yr	Technology
2007	CalRenew	9	PV
2007	Green Volts	5	PV
2007	enXco	509	Wind
2007	Ausra	388	Solar Thermal
2008	Calpine	500	Geothermal
2008	Wadham	141	Biomass
2008	BrightSource	1230	Solar Thermal
2008	San Joaquin Solar	700	Solar Thermal-Biofuel Hybrid
2008	Arlington Wind (Horizon)	240	Wind
2008	OptiSolar	1148	PV
2008	SunPower	594	PV
2008	Iberdrola/ BPA	260	Wind
2008	Hatchet Ridge	303	Wind
2008	El Dorado Energy (Sempra)	23	PV

*Based on contracts signed through January 2009.

Carrying Cost Credit Impacts

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

($MM)	2009	2010	2011	2012
Energy Recovery Bond Average Deferred Tax Balance	$542	$396	$243	$82
Estimated After-tax Carrying Cost Credit*	$(32)	$(23)	$(14)	$(5)

* Estimated carrying cost credits include only the equity portion and assume a utility equity ratio of 52% and ROE at 11.35%.

ERB Amortization Schedule

($MM)	2009	2010	2011	2012
Annual ERB Amortization	$370	$386	$404	$423
End-of-year ERB balance	$1,213	$827	$423	$0

Credit Profile

Current Ratings

- Utility Corporate Credit/Issuer: BBB+ (S&P) and A3 (Moody's)
- Utility Senior unsecured debt: BBB+ (S&P) and A3 (Moody's)

Average Utility Metrics (2009-2011)*

- S&P Business Profile Rating: 5
- Total Debt to capitalization (EOY): 54%
- Funds from Operations Cash Interest Coverage: 5.5x
- Funds from Operations to Average Total Debt: 24%

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

Bank Group

Bank Group Financial Commitments

($ in millions)

	Pacific Gas and Electric Company				PG&E Corporation
Lenders	*$2.0 Billion Revolving Credit Facility*	*$620 Million Letter of Credit Facility*	*$313 Million Letter of Credit Facility*	*Subtotal*	*$200 Million Revolving Credit Facility*
JPMorgan Chase Bank, N.A.	$213	$66		$279	$21
Citicorp North America, Inc.	$188	$66	$15	$269	$21
BNP Paribas	$171	$53	$15	$239	$17
Deutsche Bank AG, NY Branch	$171	$53	$15	$239	$17
Barclays Bank PLC	$171	$53	$15	$239	$17
Bank of America, N.A.	$171	$53	$15	$239	$17
The Royal Bank of Scotland, PLC	$96	$30	$69	$194	$10
The Bank of New York Mellon, N.A.	$128	$40	$15	$182	$13
UBS Loan Finance LLC	$128	$40	$15	$182	$13
Morgan Stanley Bank	$96	$30	$15	$140	$10
Union Bank of California, N.A.	$96	$30	$15	$140	$10
William Street Commitment Corporation	$96	$30		$125	$10
Mizuho Corporate Bank, Ltd.	$89	$27		$116	$9
Sumitomo-Mitsui Banking Corporation	$67	$32		$99	
Lehman Brothers Bank, FSB	$60	$8		$68	$13
Wells Fargo Bank, N.A.			$69	$69	
U.S. Bank National Association	$35	$11	$15	$61	$4
The Northern Trust Company			$25	$25	
Commerzbank AG, NY/GC Branches	$25			$25	
TOTAL	**$2,000**	**$620**	**$313**	**$2,933**	**$200**

Available Liquidity

As of December 31, 2008

	Pacific Gas and Electric Company	PG&E Corporation
Bank Revolver Capacity	$2,000	$200
less:		
- Loans outstanding	$0	$0
- Letters of credit outstanding	($287)	$0
- Commercial paper outstanding (1)	($287)	n/a
- Lehman Brothers Bank FSB (2)	($60)	($13)
Cash and cash equivalents	$52 (3)	$167 (4)
Available liquidity	$1,418	$354

(1) Bank revolver serves as a liquidity backstop for the commercial paper program.

(2) Lehman Brothers Bank FSB (Lehman Bank) had previously failed to fulfill its obligation under the bank credit agreement to make revolving loans to PG&E. Lehman Bank is an affiliate of Lehman Brothers Holdings, Inc., which filed for bankruptcy on September 15, 2008.

(3) Unrestricted cash only. PG&E also had $1,290 million of restricted cash held in escrow pending the resolution of remaining Disputed Claims.

(4) Of the $167 million held by the Holding Company, approximately $141 million was paid to common shareholders as dividend on January 15, 2009.

2008 EPS - Reg G Reconciliation

	2008
EPS on an Earnings from Operations Basis*	**$2.95**
Items Impacting Comparability**	**0.68**
EPS on a GAAP Basis	**$3.63**

* 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.

** Items impacting comparability reconcile earnings from operations with consolidated net income as reported in accordance with GAAP. For the three and twelve months ended December 31, 2008, PG&E Corporation recognized $257 million of net income resulting from a settlement of tax audits for tax years 2001 through 2004. Of this amount, $154 million was related to PG&E Corporation's former subsidiary, National Energy & Gas Transmission, Inc., and was recorded as income from discontinued operations

EPS Guidance - Reg G Reconciliation

2009	Guidance Range Low	Guidance Range High
EPS Guidance on an Earnings from Operations Basis [1]	**$3.15**	**$3.25**
Estimated Items Impacting Comparability		
Tax Refunds[2]	**$0.13**	**$0.16**
Recovery of hydro divestiture costs[3]	**$0.07**	**$0.07**
Accelerated work on gas system[4]	**($0.15)**	**($0.12)**
Estimated EPS on a GAAP Basis	**$3.20**	**$3.36**

2010	Guidance Range Low	Guidance Range High
EPS Guidance on an Earnings from Operations Basis[1]	**$3.35**	**$3.50**
Estimated Items Impacting Comparability	**$0.00**	**$0.00**
Estimated EPS on a GAAP Basis	**$3.35**	**$3.50**

2011	Guidance Range Low	Guidance Range High
EPS Guidance on an Earnings from Operations Basis[1]	**$3.65**	**$3.85**
Estimated Items Impacting Comparability	**$0.00**	**$0.00**
Estimated EPS on a GAAP Basis	**$3.65**	**$3.85**

(1) 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.

(2) Tentative agreement to resolve federal tax refund claims related to tax years 1998 and 1999.

(3) Anticipated recovery of costs incurred in connection with efforts to determine the market value of hydroelectric generation facilities.

(4) Forecasted cost to accelerate the performance of system-wide gas integrity surveys and remedial work.

Reg G reconciliation also provided on the PG&E Corporation website: www.pge-corp.com

Officer Biographies



PETER A. DARBEE

Chairman of the Board, Chief Executive Officer, and President
PG&E Corporation

President and Chief Executive Officer
Pacific Gas and Electric Company

Peter A. Darbee, a veteran of the energy, telecommunications, and investment banking industries, is Chairman of the Board, Chief Executive Officer and President of PG&E Corporation, and President and Chief Executive Officer of Pacific Gas and Electric Company. Based in San Francisco, PG&E Corporation is a $41 billion energy-based holding company that owns Pacific Gas and Electric Company, one of the largest combination natural gas and electric utilities in the United States. The utility serves 15 million people throughout a 70,000-square-mile service area in Northern and Central California.

Darbee joined PG&E Corporation in 1999 as Senior Vice President and Chief Financial Officer. Prior to that, he was Vice President and Chief Financial Officer of Advanced Fibre Communications, Inc. (AFC), a telecommunications manufacturer of digital loop carrier systems. Before joining AFC, he was Vice President, Chief Financial Officer, and Controller of Pacific Bell.

Darbee previously was an investment banker with Goldman Sachs, where he was Vice President and co-head of the company's energy and telecommunications group. He also held positions at Salomon Brothers and AT&T.

Darbee earned his bachelor's degree in economics from Dartmouth College and an M.B.A. from the Amos Tuck School of Business at Dartmouth. He has also successfully completed the Nuclear Reactor Technology Program at the Massachusetts Institute of Technology.

Darbee is a Director of PG&E Corporation and Pacific Gas and Electric Company. He is a member of the CEO board for the Clean Energy Group, a member of the Edison Electric Institute Executive Committee, and also serves as Co-Chairman of the EEI Energy Efficiency Task Force. Darbee also is active in numerous civic and community organizations, including The Business Council, the California Business Roundtable, the California Commission for Jobs and Economic Growth, the San Francisco Committee on JOBS, and the San Francisco Symphony Board of Governors.



CHRISTOPHER P. JOHNS

Senior Vice President, Chief Financial Officer and Treasurer
PG&E Corporation

Senior Vice President and Treasurer
Pacific Gas and Electric Company

Christopher P. Johns is Senior Vice President, Chief Financial Officer and Treasurer for PG&E Corporation and Senior Vice President and Treasurer for Pacific Gas and Electric Company.

Johns oversees the financial activities of the $41 billion company including accounting, treasury, tax, business and financial planning, and investor relations.

Johns joined Pacific Gas and Electric Company in 1996 as Vice President and Controller, and became Controller of PG&E Corporation when it was formed in January 1997. Later that year, he was promoted to Vice President and Controller. Johns was named Senior Vice President and Controller in September 2001 and elected Chief Financial Officer in January 2005. He assumed his current position in October 2005.

Before joining PG&E Corporation, Johns was a partner in KPMG Peat Marwick LLP. He also was the associate national director of the firm's Public Utilities practice.

He earned a bachelor's degree in accounting from the University of Notre Dame. He has also completed the Nuclear Reactor Technology Program at the Massachusetts Institute of Technology.

Johns is a Certified Public Account in the states of California and Florida, and is a member of the Financial Executives Institute. He also serves on the Board of Trustees for the San Francisco Ballet.



JACK KEENAN
Senior Vice President and Chief Operating Officer
Pacific Gas and Electric Company

Jack Keenan is Chief Operating Officer of Pacific Gas and Electric Company, and oversees the day-to-day operations of the Utility.

Keenan joined Pacific Gas and Electric Company as Senior Vice President, Generation and Chief Nuclear Officer in December 2005, where he was responsible for all of PG&E's power generation assets, including nuclear, fossil and hydroelectric as well as the strategic direction and financial success in the following power generation sectors: nuclear, fossil, hydroelectric, cogeneration, and renewables.

Keenan has three decades of experience in nuclear generation, including system engineering, outage management, maintenance and operations. Most recently, Jack served as Vice President, Fossil Generation at Progress Energy in North Carolina. Previously, he has held leadership positions at Progress Energy's Brunswick Nuclear Plant and Robinson Nuclear Plant, and managerial positions at Northeast Utilities' Millstone Nuclear Power Station. Under his leadership, the Diablo Canyon, Brunswick, and Robinson Plants were ranked among the best in the country by industry standards.

Keenan holds a bachelor's degree in mechanical engineering from Worcester Polytechnic Institute, in Massachusetts, and an MBA from Rensselaer Polytechnic Institute in Connecticut.



THOMAS E. BOTTORFF
Senior Vice President, Regulatory Relations
Pacific Gas and Electric Company

Tom Bottorff is Senior Vice President, Regulatory Relations, at Pacific Gas and Electric Company. He oversees the following areas: Energy Revenue Requirements, Operations Revenue Requirements, Rates and Tariffs, Regulatory Relations, Electric Transmission Rates, and Regulatory Strategy and Analysis.

Bottorff is responsible for developing, coordinating and managing policy with state and regulatory agencies, including the California Public Utilities Commission (CPUC), the Federal Energy Regulatory Commission (FERC), and the California Independent System Operator (ISO). He also is responsible for developing and filing rate proposals with the CPUC and FERC, and for oversight of the company's gas and electric tariffs.

Bottorff joined PG&E in 1982 and has served in a number of regulatory, rates, and customer service areas prior to his current assignment. Before joining the Utility, he was a power supply analyst for the Nuclear Regulatory Commission in Washington, D.C. He has also developed and built over 25 new homes in Northern California.

Bottorff received a Bachelor of Science degree in Electrical Engineering from the University of California, Berkeley, and a Master of Science degree in Engineering Economic Systems from Stanford University. He holds both general building and engineering contractor licenses in the state of California.



HELEN A. BURT

Senior Vice President and Chief Customer Officer
Pacific Gas and Electric Company

Helen Burt is Senior Vice President and Chief Customer Officer of Pacific Gas and Electric Company.

Burt is responsible for all marketing and customer care functions at PG&E. Organizational responsibility includes marketing and customer insight, product development, sales and services as well as all call center, credit and billing operations, meter reading and credit operations, and field gas and electric services. She is also responsible for the company's $1.7 billion SmartMeter™ project, designed to deploy 10 million advanced meter devices, as well as the company′s energy efficiency, solar, and demand response portfolio.

Burt is an experienced customer executive with 27 years of experience at TXU (previously known as Texas Utilities). She began her career at TXU as a customer service representative and concluded it as Vice President, Customer Billing and Operations at TXU Energy, with responsibility for all gas and electric customer service and a 2,000-person organization. Most recently, she worked with Bass and Company Management Consultants assisting energy and water industries with business process re-engineering, large-scale organizational change and technology integration to improve customer points of contact.

Burt holds a bachelor's degree in biology from Midwestern State University in Wichita Falls, Texas. She is active in numerous community and professional organizations. She has also been active in non-profit support for urban education and is a 2004 Fellow in the Broad Urban Superintendents Academy.



GREG S. PRUETT

Senior Vice President, Corporate Relations
PG&E Corporation

Senior Vice President, Corporate Relations
Pacific Gas and Electric Company

Greg S. Pruett is Senior Vice President, Corporate Relations of PG&E Corporation.
He is responsible for leading and overseeing all external and internal communications and activities supporting the reputation and identity of PG&E Corporation, and its primary subsidiary, Pacific Gas and Electric Company.

Pruett has nearly 27 years of experience and expertise in communications and public affairs, including senior leadership positions at Bechtel and PG&E. He joined PG&E most recently after leading public affairs for the American Gas Association in Washington, D.C., where he was Vice President of Communications and Marketing. Prior to this assignment, Pruett served as Bechtel Corporation's Chief Public Affairs Officer for its Iraq Infrastructure Reconstruction Program and was headquartered in Baghdad where he managed all of the firm's communications, public affairs and government relations efforts in support of its numerous infrastructure projects. Pruett was previously Vice President, Corporate Communications with PG&E, where he had served for 23 years in positions of increasing responsibility.

He holds a bachelor of arts degree in Journalism from California State University, Fresno. He is also a graduate of Harvard Business School's Program for Management Development.



GABRIEL B. TOGNERI

Vice President, Investor Relations
PG&E Corporation

Gabriel B. Togneri is Vice President, Investor Relations for PG&E Corporation. With more than 25 years of experience in energy and finance, Togneri is responsible for providing the investment community with information about the Corporation and its performance.

Togneri joined Pacific Gas and Electric Company, the Corporation's utility unit, in 1977 and has held a number of positions in the areas of sales forecasting, corporate planning, financial planning, financing, and cash management. He was named Assistant Treasurer in 1994 and joined PG&E Corporation in 1997. He assumed his current position as Vice President, Investor Relations in 2000.

Togneri received a bachelor's degree in mathematics from the University of California, Davis, and holds master's degrees in statistics, operations research, and business administration from the University of California, Berkeley. He is a member of the Board of Directors of both the National Investor Relations Institute's San Francisco Chapter and the Lindsay Wildlife Museum.