PRESENTATION TO THE
INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS

General Rate Case
Revenue Requirement
Rate Base
Utility Generation

May 25, 2005

General Rate Case

- General Rate Case
  - Establish revenue requirement (or base margin) for utility operation
  - Recover reasonable costs
  - Set revenue requirement to provide utility an opportunity to earn reasonable return on investment
  - Ensure safe and reliable operation of the utility
- Rate Case Plan

Attachment D1
Pacific Gas and Electric Company
2003 General Rate Case
Results of Operations - Test Year 2003
Electric Distribution
(Thousands of Dollars)

Line No.	Description	Adopted	Line No.
	REVENUE		
1	Revenue at Effective Rates	2,508,478	1
2	Less Non-General Revenue	15,444	2
3	General Rate Case Revenue	2,493,034	3
	OPERATING EXPENSES		
4	*Energy Costs	0	4
5	*Other Production	16,600	5
6	*Storage	0	6
7	*Transmission	552	7
8	*Distribution	391,500	8
9	*Customer Accounts	199,900	9
10	Uncollectibles	4,979	10
11	*Customer Services	1,364	11
12	*Administrative and General	208,838	12
13	Franchise Requirements	18,733	13
14	Amortization	0	14
15	Wage Change Impacts	37,373	15
16	Other Price Change Impacts	22,750	16
17	*Other Adjustments	(3,795)	17
18	Subtotal Expenses	898,794	18
	TAXES		
19	Superfund	0	19
20	Property	85,545	20
21	Payroll	30,604	21
22	Business	311	22
23	Other	185	23
24	State Corporation Franchise	51,677	24
25	Federal Income	255,809	25
26	Total Taxes	424,131	26
27	Depreciation	460,339	27
28	Fossil Decommissioning	0	28
29	Nuclear Decommissioning	0	29
30	Total Operating Expenses	1,783,264	30
31	Net for Return	709,770	31
32	Rate Base	7,685,463	32
	RATE OF RETURN		
33	On Rate Base	9.24%	33
34	On Equity	11.22%	34

Revenue Requirement

- Operating expenses
  - Operations and maintenance expenses
    - Generation
    - Transmission (non-FERC) and Distribution
  - Customer services
  - Administrative and general expenses
    - Legal & Regulatory; Human Resources; Executive & Financial
    - Insurance; Injuries and Damages
    - Pensions and Benefits
    - Information Technology; Energy Supply & Marketing; Public Affairs

Revenue Requirement (continued)

- Franchise fees & Uncollectibles
- Taxes
  - Ratemaking basis State and Federal income taxes
  - Property taxes
  - Payroll taxes
- Depreciation: Recovery of the value of the asset
  - Negative net salvage
  - Decommissioning Expenses

Revenue Requirement (continued)

- Rate Base
  - Plant in service
  - Less depreciation reserve/negative salvage value
  - Less deferred taxes
  - Working capital and cash
- Return on investment
  - Calculated by multiplying return on investment times rate base

Attachment D1
Pacific Gas and Electric Company
2003 General Rate Case
Rate Base - Test Year 2003
Electric Distribution
(Thousands of Dollars)

Line No.	Description	Adopted	Line No.
	WEIGHTED AVERAGE PLANT		
1	Plant	14,470,978	1
2	Plant Held for Future Use	0	2
3	Common Plant - Allocation	0	3
4	Common Plant Held for Future Use	0	4
5	Total Weighted Average Plant	14,470,978	5
	WORKING CAPITAL		
6	Material and Supplies - Fuel	0	6
7	Material and Supplies - Other	20,398	7
8	Working Cash	9,626	8
9	Total Working Capital	30,024	9
	ADJUSTMENTS FOR TAX REFORM ACT		
10	Deferred Capitalized Interest	7,921	10
11	Deferred Vacation	16,829	11
12	Deferred CIAC Tax Effects	173,175	12
13	Total Adjustments	197,925	13
	LESS DEDUCTIONS		
14	Customer Advances	78,308	14
15	Accumulated Deferred Taxes - Defense	0	15
16	Accumulated Deferred Taxes - Fixed Assets	963,435	16
17	Accumulated Deferred Taxes - Other	0	17
18	Deferred ITC	69,767	18
19	Deferred Tax - Other	0	19
20	Total Deductions	1,111,510	20
21	DEPRECIATION RESERVE	5,901,954	21
22	TOTAL RATE BASE	7,685,463	22

Utility Generation

- Utility-owned generation
  - Nuclear
    - SONGs
    - Diablo Canyon
    - Palo Verde
  - Coal-Fired (Four Corners)
  - Hydroelectric
  - Palomar (tracking account)
- Other Mechanisms
  - Mountainview

Attachment D3
Pacific Gas and Electric Company
2003 General Rate Case
Results of Operations - Test Year 2003
Electric Generation
(Thousands of Dollars)

Line No.	Description	Adopted	Line No.
	REVENUE		
1	Revenue at Effective Rates	914,978	1
2	Less Non-General Revenue	2,720	2
3	General Rate Case Revenue	912,258	3
	OPERATING EXPENSES		
4	*Energy Costs	0	4
5	*Other Production	315,937	5
6	*Storage	0	6
7	*Transmission	3,850	7
8	*Distribution	0	8
9	*Customer Accounts	0	9
10	Uncollectibles	1,819	10
11	*Customer Services	0	11
12	*Administrative and General	91,765	12
13	Franchise Requirements	6,843	13
14	Amortization	7,771	14
15	Wage Change Impacts	19,016	15
16	Other Price Change Impacts	10,030	16
17	*Other Adjustments	0	17
18	Subtotal Expenses	457,030	18
	TAXES		
19	Superfund	0	19
20	Property	20,024	20
21	Payroll	15,549	21
22	Business	158	22
23	Other	95	23
24	State Corporation Franchise	18,238	24
25	Federal Income	84,247	25
26	Total Taxes	138,311	26
27	Depreciation	139,334	27
28	Fossil Decommissioning	26,499	28
29	Nuclear Decommissioning	0	29
30	Total Operating Expenses	761,174	30
31	Net for Return	151,084	31
32	Rate Base	1,635,951	32
	RATE OF RETURN		
33	On Rate Base	9.24%	33
34	On Equity	11.22%	34

* = Constant 2000 Dollars

Attachment D3
Pacific Gas and Electric Company
2003 General Rate Case
Rate Base - Test Year 2003
Electric Generation
(Thousands of Dollars)

Line No.	Description	Adopted	Line No.
	WEIGHTED AVERAGE PLANT		
1	Plant	10,680,072	1
2	Plant Held for Future Use	0	2
3	Common Plant - Allocation	0	3
4	Common Plant Held for Future Use	0	4
5	Total Weighted Average Plant	10,680,072	5
	WORKING CAPITAL		
6	Material and Supplies - Fuel	51,722	6
7	Material and Supplies - Other	63,009	7
8	Working Cash	0	8
9	Total Working Capital	114,731	9
	ADJUSTMENTS FOR TAX REFORM ACT		
10	Deferred Capitalized Interest	5,371	10
11	Deferred Vacation	9,535	11
12	Deferred CIAC Tax Effects	0	12
13	Total Adjustments	14,906	13
	LESS DEDUCTIONS		
14	Customer Advances	0	14
15	Accumulated Deferred Taxes - Defense	48	15
16	Accumulated Deferred Taxes - Fixed Assets	415,180	16
17	Accumulated Deferred Taxes - Other	(74,002)	17
18	Deferred ITC	7,525	18
19	Deferred Tax - Other	0	19
20	Total Deductions	348,752	20
21	DEPRECIATION RESERVE	8,825,006	21
22	TOTAL RATE BASE	1,636,951	22