

## APPENDIX A

**PACIFIC GAS AND ELECTRIC COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
From Form 10-Q

| (in millions)  | (Unaudited)        |                |
|--|--------------------|----------------|
|  | Three Months Ended |                |
|  | March 31,          |                |
|  | 2004               | 2003           |
| <b>Operating Revenues</b>  |                    |                |
| Electric   | \$ 1,791           | \$ 1,305       |
| Natural gas  | 931                | 830            |
| <b>Total operating revenues</b>  | <u>2,722</u>       | <u>2,135</u>   |
| <b>Operating Expenses</b>  |                    |                |
| Cost of electricity  | 561                | 554            |
| Cost of natural gas  | 578                | 486            |
| Operating and maintenance  | 808                | 712            |
| Recognition of regulatory assets   | (4,900)            | -              |
| Depreciation, amortization and decommissioning   | 311                | 310            |
| Reorganization professional fees and expenses  | 2                  | 35             |
| <b>Total operating (gain) expenses</b>   | <u>(2,640)</u>     | <u>2,097</u>   |
| <b>Operating Income</b>  | <u>5,362</u>       | <u>38</u>      |
| Reorganization interest income   | 8                  | 10             |
| Interest income  | 3                  | 1              |
| Interest expense (non-contractual interest expense of \$31 million in 2004 and \$30 million in 2003)                                     | (213)              | (220)          |
| Other income, net  | 13                 | 15             |
| <b>Income (Loss) Before Income Taxes</b>   | <u>5,173</u>       | <u>(156)</u>   |
| Income tax provision (benefit)   | 2,099              | (84)           |
| <b>Income (Loss) Before Cumulative Effect of a Change in Accounting Principle</b>  | <u>3,074</u>       | <u>(72)</u>    |
| Cumulative effect of change in accounting principle (net of income tax benefit of \$1 million for the three months ended March 31, 2003) | -                  | (1)            |
| <b>Net Income (Loss)</b>   | <u>3,074</u>       | <u>(73)</u>    |
| Preferred dividend requirement   | 8                  | 6              |
| <b>Income (Loss) Available for (Allocated to) Common Stock</b>   | <u>\$ 3,066</u>    | <u>\$ (79)</u> |

**PACIFIC GAS AND ELECTRIC COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
From Form 10-Q

| (in millions)   | Balance At                       |                      |
|---|----------------------------------|----------------------|
|   | March 31,<br>2004<br>(Unaudited) | December 31,<br>2003 |
| <b>ASSETS</b>   |                                  |                      |
| <b>Current Assets</b>   |                                  |                      |
| Cash and cash equivalents   | \$ 2,845                         | \$ 2,979             |
| Restricted cash   | 529                              | 403                  |
| Accounts receivable:  |                                  |                      |
| Customers (net of allowance for doubtful accounts of \$61 million in 2004 and \$68 million in 2003) | 2,068                            | 2,424                |
| Related parties   | 2                                | 17                   |
| Regulatory balancing accounts   | 546                              | 248                  |
| Inventories:  |                                  |                      |
| Gas stored underground  | 80                               | 166                  |
| Materials and supplies  | 130                              | 126                  |
| Prepaid expenses and other  | 52                               | 100                  |
| <b>Total current assets</b>   | <u>6,252</u>                     | <u>6,463</u>         |
| <b>Property, Plant and Equipment</b>  |                                  |                      |
| Electric  | 20,665                           | 20,468               |
| Gas   | 8,431                            | 8,355                |
| Construction work in progress   | 417                              | 379                  |
| <b>Total property, plant and equipment</b>  | <u>29,513</u>                    | <u>29,202</u>        |
| Accumulated depreciation  | (11,221)                         | (11,100)             |
| <b>Net property, plant and equipment</b>  | <u>18,292</u>                    | <u>18,102</u>        |
| <b>Other Noncurrent Assets</b>  |                                  |                      |
| Restricted cash   | 6,917                            | -                    |
| Regulatory assets   | 6,993                            | 2,001                |
| Nuclear decommissioning funds   | 1,547                            | 1,478                |
| Other   | 1,098                            | 1,051                |
| <b>Total other noncurrent assets</b>  | <u>16,555</u>                    | <u>4,530</u>         |
| <b>TOTAL ASSETS</b>   | <u>\$ 41,099</u>                 | <u>\$ 29,095</u>     |

**PACIFIC GAS AND ELECTRIC COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
From Form 10-O

| (in millions, except share amounts)  | Balance At                       |                      |
|--|----------------------------------|----------------------|
|  | March 31,<br>2004<br>(Unaudited) | December 31,<br>2003 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                                  |                      |
| <b>Liabilities Not Subject to Compromise</b>   |                                  |                      |
| <b>Current Liabilities</b>   |                                  |                      |
| Long-term debt, classified as current  | \$ 4                             | \$ 310               |
| Current portion of rate reduction bonds  | 290                              | 290                  |
| Accounts payable:  |                                  |                      |
| Trade creditors  | 427                              | 657                  |
| Related parties  | 93                               | 224                  |
| Regulatory balancing accounts  | 431                              | 186                  |
| Other  | 530                              | 365                  |
| Interest payable   | 208                              | 153                  |
| Income taxes payable   | 148                              | -                    |
| Deferred income taxes  | 66                               | 86                   |
| Other  | 840                              | 673                  |
| <b>Total current liabilities</b>   | <b>3,037</b>                     | <b>2,944</b>         |
| <b>Noncurrent Liabilities</b>  |                                  |                      |
| Long-term debt   | 9,117                            | 2,431                |
| Rate reduction bonds   | 796                              | 870                  |
| Regulatory liabilities   | 4,249                            | 3,979                |
| Asset retirement obligations   | 1,236                            | 1,218                |
| Deferred income taxes  | 3,370                            | 1,334                |
| Deferred tax credits   | 125                              | 127                  |
| Preferred stock with mandatory redemption provisions                                     | 137                              | 137                  |
| Other  | 1,573                            | 1,464                |
| <b>Total noncurrent liabilities</b>  | <b>20,603</b>                    | <b>11,560</b>        |
| <b>Liabilities Subject to Compromise</b>   |                                  |                      |
| Financing debt   | 5,603                            | 5,603                |
| Trade creditors  | 3,622                            | 3,899                |
| <b>Total liabilities subject to compromise</b>   | <b>9,225</b>                     | <b>9,502</b>         |
| <b>Commitments and Contingencies (Notes 1, 2, 3 and 6)</b>                               | <b>-</b>                         | <b>-</b>             |
| <b>Shareholders' Equity</b>  |                                  |                      |
| Preferred stock without mandatory redemption provisions                                  |                                  |                      |
| Nonredeemable, 5% to 6%, outstanding 5,784,825 shares                                    | 145                              | 145                  |
| Redeemable, 4.36% to 7.04%, outstanding 5,973,456 shares                                 | 149                              | 149                  |
| Common stock, \$5 par value, authorized 800,000,000 shares,<br>issued 321,314,760 shares | 1,606                            | 1,606                |
| Common stock held by subsidiary, at cost, 19,481,213 shares                              | (475)                            | (475)                |
| Additional paid-in capital   | 2,040                            | 1,964                |
| Reinvested earnings  | 4,772                            | 1,706                |
| Accumulated other comprehensive loss   | (3)                              | (6)                  |
| <b>Total shareholders' equity</b>  | <b>8,234</b>                     | <b>5,089</b>         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <b>\$ 41,099</b>                 | <b>\$ 29,095</b>     |