



California Public Utilities Commission

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News Release

FOR IMMEDIATE RELEASE

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PUC SETS COSTS FOR PG&E

SAN FRANCISCO, May 27, 2004 – The California Public Utilities Commission (PUC) today approved a settlement agreement for Pacific Gas and Electric Company's (PG&E) General Rate Case (GRC). The settlement sets customer costs for PG&E at approximately \$2.493 billion for electric distribution, \$927 million for gas distribution, and \$912 million for electricity generation, effective retroactive to January 1, 2003. This represents an increase of approximately \$236 million, or 10.44 percent in electric distribution revenues, \$52 million, or 5.90 percent in gas distribution revenues, and \$38 million, or 4.35 percent in generation revenues.

This decision does not change electricity customer rates. The PUC's recent rate reduction of approximately \$800 million, resulting from PG&E's emergence from bankruptcy, already incorporates the revenue changes approved today.

Today's decision resolves issues litigated in the revenue requirement phase (Phase 1) of PG&E's test year 2003 GRC. Two comprehensive settlements were filed by the majority of parties in this proceeding - PG&E, the Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), Aglet Consumer Alliance (Aglet), Modesto Irrigation District (MID), the Natural Resources Defense Council (NRDC), and the Agricultural Energy Consumers Association (AECA) - that resolve nearly all of the issues raised by the Settling Parties regarding PG&E's electric and gas revenue requirements. The PUC also approved a separate Settlement Agreement proposed by PG&E, ORA, TURN, Aglet, and the City and County of San Francisco regarding PG&E's generation revenue requirements.

While electricity rates remain unchanged, PG&E's bundled gas distribution base revenues are changed by this decision as shown in the following table:

Class	Changes in Annual Revenues (\$000's)	Revenue Change Percent
<u>Core Customers</u>		
Residential	\$30,147	1.8
Small Commercial	9,355	1.9
Large Commercial	126	0.9
	0	0
<u>Wholesale</u>		
<u>Non-Core Customers</u>		
Industrial Distribution	1,349	3.4
Industrial Transmission	0	0
Electric Generation	54	0.2
Cogeneration	30	0.2
<u>Shareholder Absorption</u>	115	4.7
Total Change	\$41,176	1.8%

As a result of this decision, a residential gas customer using an average of 50 therms per month on a year-round basis would see average monthly bill increases of 67 cents.

Finally, in today's decision, the PUC examined issues related to PG&E's executive compensation, designed to promote the retention of certain corporate officers during the difficult period of the energy crisis and the financial insolvency and bankruptcy of PG&E and PG&E Corp.'s non-utility affiliates. The PUC determined that the Senior Executive Retention Bonus Program has been, or will be, funded by shareholders, not ratepayers, and adopted additional accounting and reporting measures to ensure that this remains the case. However, the decision adopts new executive compensation reporting requirements to ensure advance public disclosure of all forms of executive compensation, including bonuses and stock options.

A GRC is the major regulatory proceeding for California utilities that provides the PUC an opportunity to perform an exhaustive examination of a utility's operations and costs.

For more information on the PUC, please visit www.cpuc.ca.gov.

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