

PACIFIC GAS AND ELECTRIC COMPANY
CPUC COST OF CAPITAL APPLICATION FOR 2013

Currently-Authorized Cost of Capital:

	2008 - 2012		
	Cost	Capital Structure	Weighted Cost
Long-Term Debt	6.05%	46.0%	2.78%
Preferred Stock	5.68%	2.0%	0.11%
Common Equity	11.35%	52.0%	5.90%
Return on Rate Base			8.79%

Proposed Cost of Capital:

	2013		
	Cost	Capital Structure	Weighted Cost
Long-Term Debt	5.69%	47.0%	2.67%
Preferred Stock	5.60%	1.0%	0.06%
Common Equity	11.00%	52.0%	5.72%
Return on Rate Base			8.45%

- Change in annual revenue requirements: Approximately \$100 million decrease
- Proposed continuation of existing Annual Cost of Capital Adjustment Mechanism