



PRESS RELEASE  
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ISSUED BY: The City of Hercules and Pacific Gas and Electric Company

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**PG&E SELECTED AS BEST BIDDER FOR PURCHASE OF THE HERCULES MUNICIPAL UTILITY**

**HERCULES, Calif.** – On January 9, 2013, the City of Hercules opened sealed bids for purchase of the Hercules Municipal Utility (HMU), a municipal electrical utility owned and operated by the City since December 2002. The bid submitted by Pacific Gas and Electric Company (PG&E) has been selected as the highest and best bid.

The City of Hercules has decided to sell HMU in order to focus on delivering core city services and to find a utility company with the ability to provide electric services on a more efficient, reliable and cost-effective basis. The City intends to retire the HMU bond debt with the proceeds from the sale.

On June 5, 2012, the residents of the City voted to pass Measure N, authorizing sale of the HMU. Measure N was approved by 77% of the votes cast. On August 28, 2012, the Hercules City Council adopted procedures for accepting bids for sale of the HMU, as required by the California Public Utilities Code.

In accordance with those procedures, representatives for the City and PG&E are currently engaged in confidential negotiations to prepare the Asset Purchase Agreement containing all of the necessary terms and conditions for the sale. The Asset Purchase Agreement will be released for public review before it is submitted to the Hercules City Council for approval. The City Council is expected to take action on the sale this spring. PG&E would then seek regulatory approval for the transaction.

**ABOUT THE CITY OF HERCULES**

Established as a dynamite factory in the 1800s and incorporated in 1900, the City of Hercules is located on the northeastern shore of San Pablo Bay, conveniently located along the I-80 corridor and within minutes of both San Francisco and Napa. The nearly 25,000 residents represent a diverse mix of many ethnic groups. Primarily a suburban, family-oriented community, the City has bold plans for a lively new waterfront, anchored by transit-oriented development around a new train and ferry terminal.

**ABOUT PACIFIC GAS AND ELECTRIC COMPANY**

Pacific Gas and Electric Company, a subsidiary of PG&E Corporation (NYSE:PCG), is one of the largest combined natural gas and electric utilities in the United States. Based in San Francisco, with 20,000

employees, the company delivers some of the nation's cleanest energy to 15 million people in Northern and Central California. For more information, visit <http://www.pge.com/about/newsroom/> and [www.pgecurrents.com](http://www.pgecurrents.com).