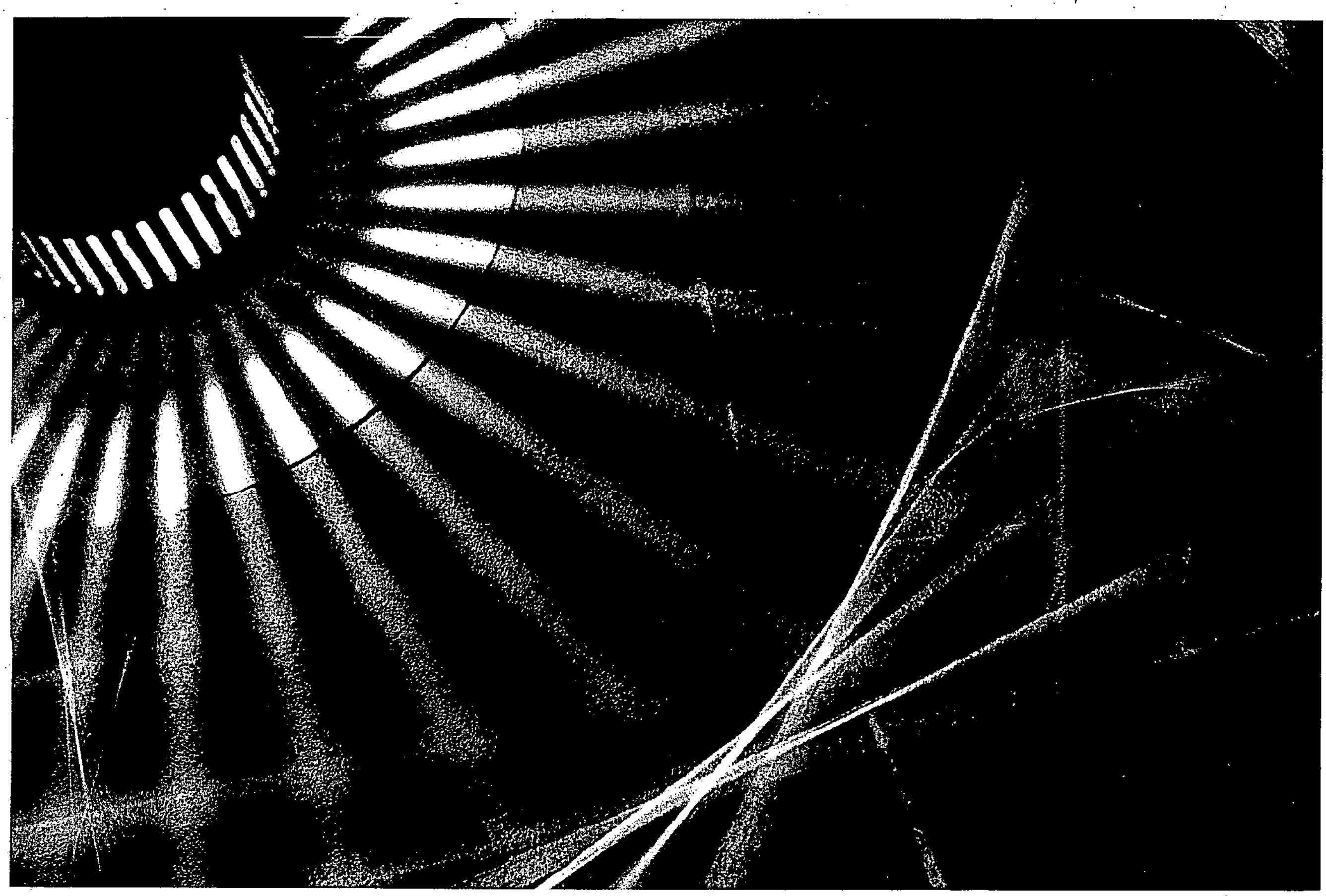
PACIFIC GAS AND ELECTRIC COMPANY



1992 SUMMARY ANNUAL REPORT

PG&E

PG&E is the nation's largest investor-owned gas and electric utility, serving more than 12 million people in Northern and Central California. Our electricity comes from widely diversified resources – fossil-fuel plants, hydroelectric plants, a major pumped storage plant, a geothermal complex, the Diablo Canyon Nuclear Power Plant and from such renewable technologies as wind power, solar power and biomass. Our natural gas comes from Canada, the U.S. Southwest and California.

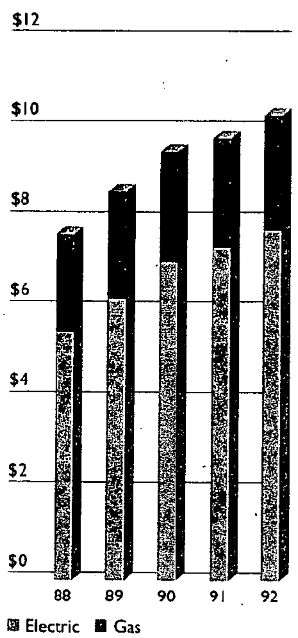
CONTENTS

The company's 94,000 square-mile service territory stretches from Eureka in the north to Bakersfield in the south and from the Pacific Ocean in the west to the Sierra Nevada in the east.

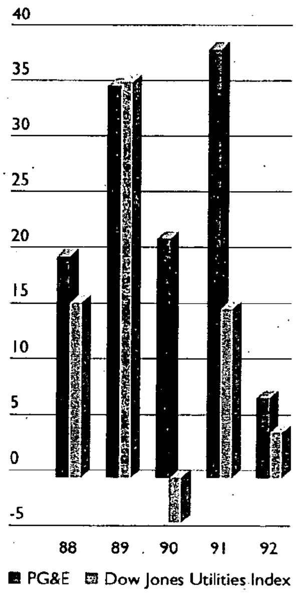
Cover: A reflection model at PG&E's Pacific Energy Center shows architects and builders how to get the most light from high-efficiency bulbs. Energy efficiency is at the heart of PG&E's business strategy.

(dollars in millions, except per share amounts)	1992	1991	% change
FOR THE YEAR			
Operating revenues	$10,296	$ 9,778	5
Operating income	$ 1,833	$ 1,713	7
Net income	$ 1,171	$ 1,026	14
Earnings available for common stock	$ 1,092	$ 937	17
Earnings per common share	$ 2.58	$ 2.24	15
Dividends declared per common share	$ 1.76	$ 1.64	7
Construction expenditures (including AFUDC)	$ 2,391	$ 1,796	33
Total electric sales to customers (kWh – in millions)	75,285	74,196	1
Total gas sales to customers (Mcf – in millions)	429	428	–
AT YEAR END			
Total assets	$24,188	$22,901	6
Total customers	7,835,000	7,757,000	1
Number of common shareholders	254,000	261,000	(3)
Number of common shares outstanding	426,845,569	417,571,826	2
Number of employees (excluding subsidiaries)	26,600	26,700	–

Consolidated Operating Revenues
(in billions)



Total Return on Common Stock Investment[1]
(in percent)



[1]Total return is a combination of dividends and change in stock price.

In 1992, the Energy Policy Act was passed overwhelmingly by Congress and signed into law. It charts an energy strategy for the U.S. through the rest of the decade and beyond.

America's use of electricity continues to grow as we become increasingly dependent on new electric technologies in our businesses, our factories and our homes. The intent of the act is to ensure that our nation is supplied with the energy it needs at the least possible cost and, at the same time, protect the environment.

Through incentives for utilities and other support, the act promotes increased energy efficiency and wider use of renewable resources to meet the growing electric demand. It places greater reliance on competition to ensure use of the lowest-cost generating resources. It encourages greater use of clean-burning natural gas.

And it identifies a major role for clean-air vehicles, such as those powered by electricity or natural gas to achieve environmental goals.

The Clinton administration appears to support these objectives and ties them to its major priority: revitalizing the country's economy.

In anticipation of these policies, PG&E began developing a new business strategy several years ago.

It emphasizes meeting growth in electric demand through improved customer energy efficiency and renewables. Efficiency is the most cost-effective way to meet our customers' growing electric needs, and also maximizes the benefits to the environment.

Our strategy further supports expanding our natural gas system to serve new customers, some located in the Pacific Northwest and Southern California. It also improves the environment by promoting clean-air vehicles – natural gas vehicles now, and electric vehicles as that technology is developed.

We also decided that, with increased competition in the construction of new power plants, we would build new generating units primarily outside of our service territory. Early on, we saw there would be limits on our ability to build to serve our own customers, but substantial opportunities to become a wholesale power supplier to other utilities nationwide.

Overall, this strategic vision positions us effectively in the world that the Energy Policy Act is creating for utilities.

In this competitive world, financial reward increasingly will be tied to performance. PG&E has had experience meeting this challenge. Since 1988, the Diablo Canyon Nuclear Power Plant has operated under an agreement by which PG&E is paid primarily for the power the plant produces. Our earnings from the plant depend on how well we operate it. This makes Diablo Canyon the nation's leading example of performance-based ratemaking.

Our customer energy efficiency programs are another example. PG&E's earnings from these programs are based on energy savings our customers will achieve.

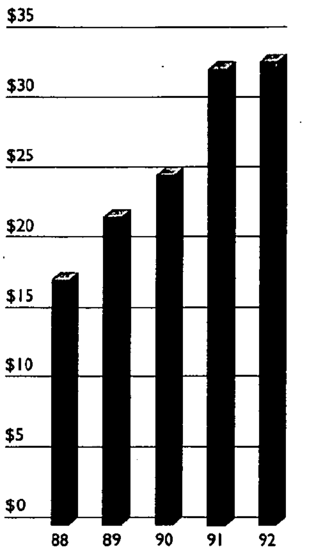
PG&E's strategy, combined with superior performance throughout the company, provides us a strong opportunity to continue our success in the 1990s.

Solid financial performance

That success begins with the solid financial results we achieved for our shareholders in 1992. Earnings per share were $2.58, up 15 percent compared to 1991.

In January 1992, the Board of Directors raised the dividend on common stock by 7.3 percent. PG&E's common stock price out-

Common Stock Market Price at Year End



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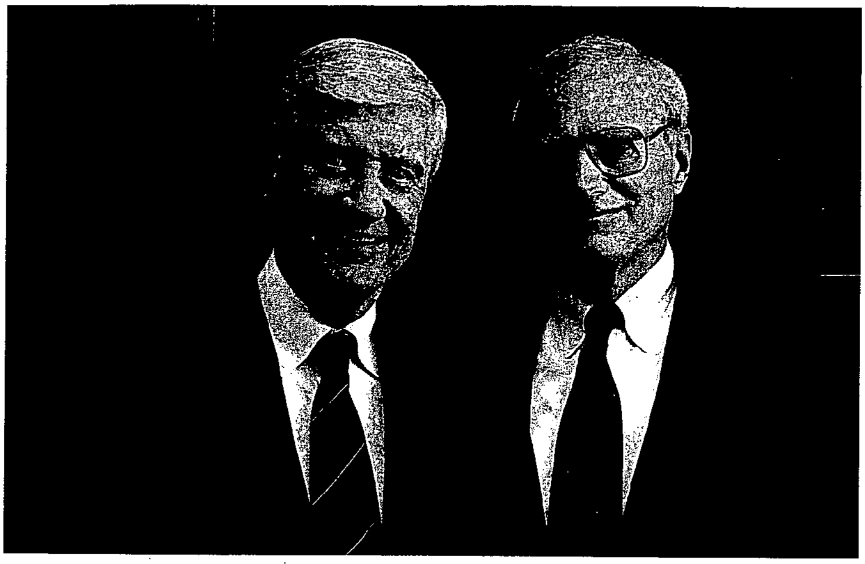
performed the Dow Jones Utilities Index again in 1992, closing the year at $33⅛.

Over the last five years, PG&E has provided shareholders an average total return of 24 percent annually – compared to 12.4 percent for the Dow Jones Utilities Index.

Based on the company's solid performance in 1992, and confidence that we can build on that performance, the Board of Directors on January 20, 1993, raised the quarterly dividend on common stock to 47 cents per share.

This marked the fourth time in four years the company has raised the dividend, and brought the new annualized rate to $1.88 per share.



Stanley T. Skinner, President and Chief Operating Officer, and Richard A. Clarke, Chairman of the Board and Chief Executive Officer.

What's ahead

The company will continue to reposition itself in the gas business, where its role has been redefined. As many major customers are purchasing more of their own gas supplies, PG&E is becoming more of an intrastate transporter rather than a marketer of gas.

Our markets for this service have expanded to include some major Southern California customers.

Because of the changes in our gas business, the company will no longer purchase as much gas and will sell its interests in pipelines and other natural gas facilities outside California.

Accordingly, in June, Pacific Gas Transmission Company, a wholly owned subsidiary of PG&E, sold its 49.98 percent interest in Alberta Natural Gas Company Ltd to TransCanada PipeLines Limited of Calgary, Alberta, for an after-tax gain of $19 million.

Changes to our electric business are also on the way. These changes unquestionably will lead to alternatives to the traditional role of the regulated electric utility.

PG&E anticipated this fundamental shift in the nature of our business and is effectively positioned to take advantage of the opportunities it affords.

The outlook for future earnings growth is positive. Our utility business is strong, and we serve a market that is economically diverse and powerful. Diablo Canyon continues to provide the opportunity to achieve superior earnings growth.

The scheduled completion of the PGT-PG&E Pipeline Expansion Project at the end of this year, as well as continued progress in PG&E's unregulated businesses, are expected to further improve our future earnings.

For all of these reasons, we strongly believe PG&E's prospects are promising and we can continue to provide excellent value to our shareholders, our customers and the communities we serve.

Richard A. Clarke
Chairman of the Board and
Chief Executive Officer

Stanley T. Skinner
President and
Chief Operating Officer

February 1, 1993

In developing its business strategy over the past six years, PG&E foresaw many of the directions established by the Energy Policy Act of 1992. This positions the company to maintain its industry leadership through the rest of the decade and beyond. Here are some examples.

A more competitive power supply market

The Energy Policy Act amends the Public Utility Holding Company Act (PUHCA) to encourage competition in electric generation. The Clinton administration appears to support this change.

Several years ago, regulators in many states established rules requiring new power plants to be built through bidding processes that often placed the local utility at a disadvantage. As a result, if a utility wanted to remain in the business of building and owning power plants, it had its best opportunity to do so outside its service territory. This created new markets for power plant construction nationwide, an opportunity PG&E seized upon.

In just three years, PG&E has become the fourth largest net equity participant in this market through U.S. Generating Company, an unregulated affiliate that is in partnership with Bechtel Group, Inc.

U.S. Generating Company builds, owns and manages independent power projects nationwide. These plants use advanced natural gas and clean-coal combustion technologies and emission controls.

Currently, U.S. Generating Company owns interests in two plants in operation, one in Colstrip, Montana, and the other in Panther Creek, Pennsylvania. In addition, it is building seven plants in Florida, New York, New Jersey, Massachusetts and Pennsylvania. Five more projects are in advanced stages of development. Together, these plants will have an installed capacity of nearly 2,500 megawatts.

The amendment of PUHCA enables utility subsidiaries, such as PG&E's U.S. Generating Company, to compete more effectively with non-utilities in this growing market.

Energy efficiency

The act encourages state regulators to make achieving energy efficiency at least as profitable for utilities as investment in generation, transmission and distribution. The new administration appears to support these provisions, and envisions the U.S. becoming as energy efficient as western Europe and Japan.

PG&E is the world's largest private investor in energy-efficiency programs. They have saved our customers an estimated $3 billion to $4 billion over the past 17 years.

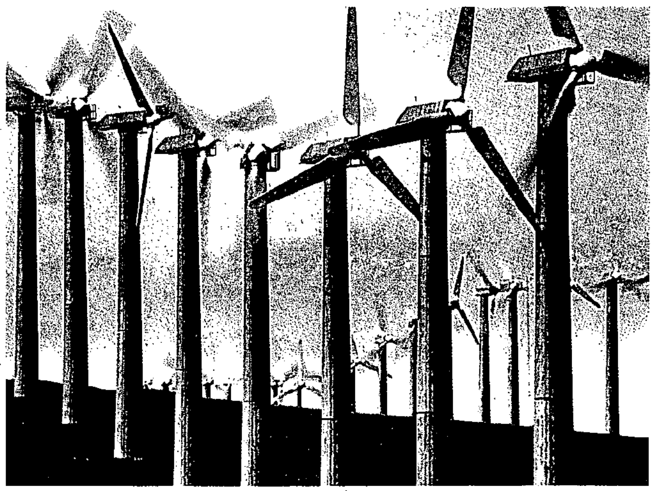
Under an innovative agreement among California utilities, regulators and environmentalists, PG&E's shareholders earn on the energy savings achieved by our customers as a result of our programs.

This ambitious effort is at the heart of our electric resource plan: to meet 75 percent of the growth in our area's electric needs between now and the year 2000 through increased customer energy efficiency (CEE). This represents several large generating units PG&E or other suppliers won't have to build, and by 2000 will avoid three million tons of carbon dioxide being emitted into the air annually. This is the equivalent of taking 600,000 cars off California roads.

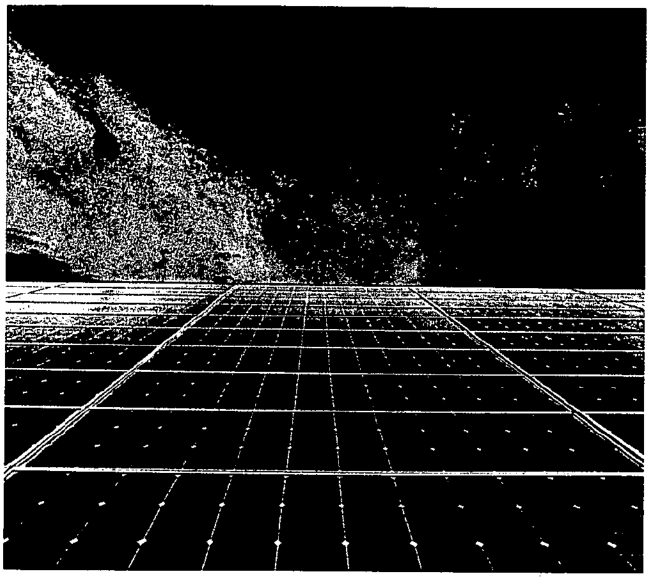
Energy efficiency can benefit the economy as well as the environment. CEE programs cost less than the amount required to build a major new power plant. Our programs are saving money for businesses and individual customers; creating new jobs in developing and installing energy-efficient technologies; and making the farms and factories we serve operate more efficiently and competitively.

Renewables

Renewable technologies are encouraged under the energy act through public/private joint ventures and favorable tax treatment of alternatives such as wind, solar and biomass. The Clinton administration would establish a civilian research agency to develop renewable technologies.



Renewable resources such as wind are an important source of electricity.



Solar panels convert sunlight directly into electricity.

PG&E has, for many years, produced electricity from a wide range of renewable energy sources. We operate the world's largest privately owned hydro and geothermal systems and are one of the major purchasers of wind power.

Today our research and development efforts continue to explore and test technologies that lead to a cleaner environment. As a result of a collaborative R&D effort of PG&E and others, the next generation of wind turbines, using variable speed technology to increase output, is about ready for commercial development.

As the utility industry moves toward smaller, more widely distributed electric generation, PG&E is researching technologies that will be cost effective and environmentally preferred. In 1992, the company, in collaboration with others, installed a 500-kilowatt solar energy system near Fresno. As the unit begins operation this year, researchers will monitor and evaluate its performance and its ability to support our existing electric system.

Clean-air vehicles

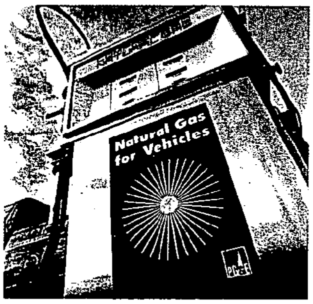
Federal, state and private fleet operators will be required to phase in vehicles operating on clean-burning alternative fuels under the energy bill. The new administration has indicated interest in converting the entire federal vehicle fleet to operate on natural gas.

PG&E began experimenting with natural gas vehicles almost 20 years ago. Today, we have the fastest growing, utility-operated natural gas vehicle program in the nation.

In California, where millions of vehicles burning gasoline and diesel are the major source of air pollution, natural gas is an attractive alternative fuel. It is cleaner burning and more economic than gasoline or diesel, and unlike the petroleum from which gasoline is produced, natural gas is abundant in the U.S. and Canada.

PG&E's goal by the end of the decade is for 125,000 fleet vehicles to operate on natural gas in Northern and Central California.

In addition, we are committed to ensuring sufficient fueling stations to facilitate their use and are working to develop a network of such facilities in our service area.



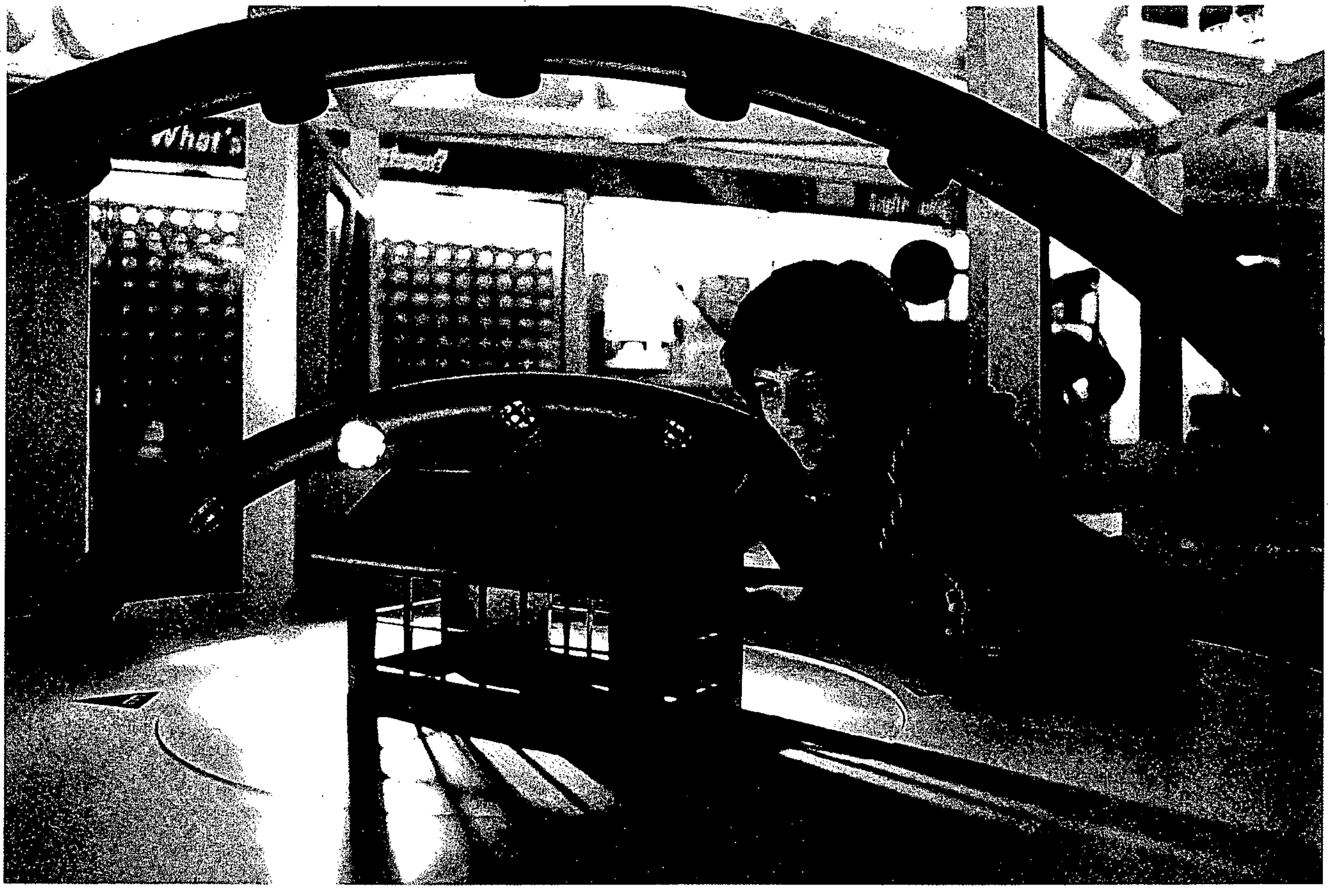
Natural gas fueling stations serve fleet vehicles in California.

Using natural gas in fleet buses, vans and trucks makes sense today, and electric vehicles, which produce no tailpipe emissions, are likely to become a major transportation option tomorrow. PG&E continues to actively support their development.

In the future, we believe clean fuels – particularly natural gas which is the most environmentally acceptable of the fossil fuels – will play a greater energy role in our nation.

In the last 15 years, PG&E has been using more natural gas in lieu of oil to generate electricity. Other utilities in the state are anxious to do the same as stricter air quality regulations come into effect. The PGT-PG&E pipeline expansion from Canada will provide them with greater access to this clean fuel.

Looking further ahead, the demand for this environmentally superior fuel in a wide variety of industrial applications should grow. This should increase the business opportunities for PG&E Resources, our unregulated affiliate that explores for and produces natural gas and oil reserves for sale on an unregulated basis nationwide.



THE SUN'S RAYS ARE AN IMPORTANT AND PREDICTABLE CLIMATIC FACTOR IN ARCHITECTURAL DESIGN. THE PACIFIC ENERGY CENTER HAS A NUMBER OF SYSTEMS AVAILABLE TO SIMULATE THE DAILY AND SEASONAL EFFECTS OF SUN PATTERNS AND SHADING DEVICES.

Customer energy efficiency

PG&E's Customer Energy Efficiency (CEE) programs are a model for the nation, providing Californians both lower energy bills and cleaner air.

Approximately 600,000 of PG&E's customers participated in some 50 CEE programs in 1992, saving enough electricity to supply almost 91,000 homes for a year, and enough gas to heat about 86,000 homes annually. As a result, air emissions were reduced by more than 3.8 million tons of carbon dioxide.

Shareholders will earn in excess of $50 million pretax under an agreement with regulators that allows the company to earn based on the energy savings achieved. As a result of new accounting guidelines, however, most of these earnings were not booked in 1992. Rather, they will accrue to shareholders in 1993 and 1994.

CEE programs demand no sacrifice in comfort or convenience; they are achieved through more efficient technologies in lighting, heating and cooling, manufacturing, and construction techniques for all customers: residential, commercial, agricultural and industrial.

Many of these new products and systems earn rebates from PG&E. All of them save energy and money. Energy-efficient techniques are available to every PG&E customer, from a mobile home park resident installing weatherstripping to a huge manufacturing plant overhauling all its lighting, heating and ventilation systems.

For example, a large oil refinery in PG&E's Diablo Division installed new heat exchangers that will result in a savings of three million therms and reduce their costs of operation by more than $1 million a year. The refinery received a PG&E rebate of $94,900 for the retrofit in addition to the energy rebates it earned in 1991 of more than $200,000.

Energy savings on a broader scale can be realized simply by changing the light bulbs customers use. New fluorescent bulbs use 75 percent less energy than traditional bulbs. In December PG&E joined three lighting manufacturers to offer rebates to partially offset the cost of new compact fluorescent bulbs.

The result of another PG&E collaboration – a technologically advanced energy-efficient home – was dedicated in Rocklin in 1992. This combination house and laboratory, featuring nearly every energy saving device available, is a joint project of PG&E, the Building Industry Association of Superior California, and the California Energy Commission.

Much of this advanced technology is on display at the Pacific Energy Center in San Francisco, where some 6,500 customers saw demonstrations, attended classes or used the reference library in the first year of operation.

Many of these customers were victims of the 1991 Oakland hills fire, who were interested in incorporating energy efficiency into the homes they are rebuilding.

Architects, lighting designers, engineers and building professionals also used this facility, one of the most advanced in the nation. These experts experimented with full-scale displays of advanced lighting, heating and air-conditioning techniques.

PG&E is not only showcasing the new products; it is helping provide the incentive to make even greater advances. Along with some 24 other utilities, the company contributed to a $30 million award to the manufacturer that develops a refrigerator at least 25 to 50 percent more energy efficient than federal government standards. The refrigerator must also be free of chlorofluorocarbons (CFCs) which deplete the ozone. Frigidaire and Whirlpool are finalists in the competition to produce this super model.

According to the Environmental Protection Agency, such a refrigerator will reduce CFC emissions by as much as 1.2 million tons by 2000 and lower customer energy bills by up to $480 million a year.

ONE OF CALIFORNIA'S MAJOR ELECTRIC RESOURCES, THE DIABLO CANYON NUCLEAR POWER PLANT, HAS ESTABLISHED AN EXCELLENT SAFETY AND OPERATING RECORD AND PRODUCES SIGNIFICANT REVENUES.

Environment

Combining energy services with a commitment to improve the environment produces major results: millions of therms, kilowatthours and dollars saved; millions of tons of pollutants kept out of the air. But there is more to PG&E's promise to the environment – programs and people who produce smaller, less quantifiable, but equally valuable victories.

PG&E owns and manages more than 250,000 acres of forest and lakes in California, home to some 150 rare, threatened or endangered species of wildlife. We are committed to being sound environmental stewards of these lands. We made solid achievements in this area in 1992.

PG&E continued to participate in the recovery of the endangered peregrine falcon in California.

PG&E acted to preserve the biodiversity of thousands of acres of coastline and inland property near the Diablo Canyon plant. A similar effort to protect tidal wetlands and restore native plants and animals is being conducted on Suisun Bay at our Pittsburg Power Plant.

The company began to acquire some 1,400 acres of land in the San Joaquin and Sacramento valleys to be ceded to the state as habitat for the threatened San Joaquin kit fox. The company fenced the property and established an endowment which the state will use to protect the land.

Environmental considerations have become a key part of planning and operating decisions – from the environmental impact analysis required on new capital project proposals to the "green" catalogues used to order environmentally preferred materials.

In 1992, PG&E employees recycled paper, aluminum cans, glass bottles, motor oil, batteries, tires, plastic gas pipe and more than 1,000 truckloads of soil used for backfill.

Company volunteers planted seedlings in the Mendocino and Stanislaus National Forests that were devastated by fire in 1987. Others put in some 4,000 plants and flowers at Antioch Dunes, the nation's first refuge for endangered plants and insects.

Diablo Canyon

The Diablo Canyon Nuclear Power Plant continues to gain national recognition for its safe and reliable operations.

The Nuclear Regulatory Commission (NRC) placed Diablo Canyon on its "Best Plants" list in February and July of '92 and again in February '93. The rating was based on the NRC's evaluation of Diablo Canyon's performance, including operational safety, self-assessment, problem resolution, and plant management and oversight.

In November Unit 1 completed its scheduled refueling outage in 59 days, a record for the unit. The plant operated at a combined capacity factor of 88 percent, compared to a budgeted 79.7 percent. It produced about 17 billion kilowatthours of electricity and contributed $1.78 billion to PG&E's revenues.

In 1992, PG&E requested that the NRC amend the plant's 40-year license to take effect on the date of operation instead of the construction permit date.

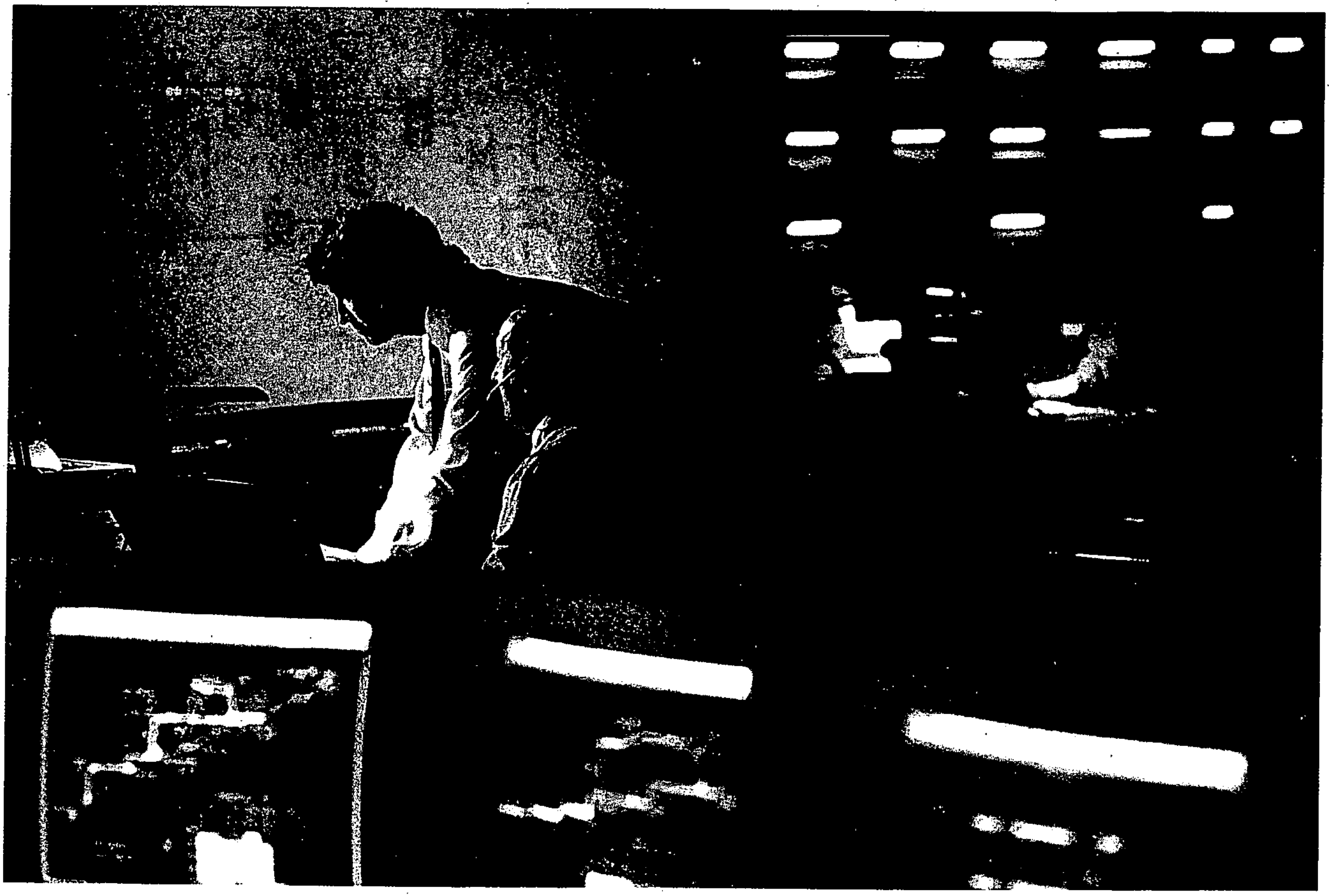
If the amended licenses are approved, the expiration dates for Units 1 and 2 will be 2021 and 2025, respectively, extended from 2008 and 2010.

Competition

There is a growing interest in alternatives to traditional utility service today. To compete effectively, PG&E must control costs, know which services customers value, and deliver those services at a competitive price.

We are taking aggressive steps to control costs. Our operating expense budgets for 1993 will remain nearly flat, as they have for the past seven years.

Taking advantage of low interest rates, we refinanced $1.4 billion worth of bonds and preferred stock in 1992. The value of the savings over the life of the redeemed securities pretax is $155 million.



YSTEM OPERATORS IN THE ENERGY CONTROL CENTER BALANCE A COMPLEX SERIES OF FACTORS – GENERATION AND POWER PURCHASE COSTS, FACILITY AVAILABILITY AND THE EFFECT OF LINE LOSSES – AS THEY MAXIMIZE PG&E'S RELIABILITY AND OPERATING ECONOMY.

We also have begun a comprehensive program to reduce the amount of new capital required to build and maintain facilities to distribute gas and electricity to our customers.

Our immediate goal is to cut the cost of connecting new customers to our system by 25 percent.

To accomplish this, we are seeking greater economies and efficiencies in a wide range of activities – everything from how we construct trenches for gas facilities to ways to use existing transformers more efficiently. All these efforts are expected to achieve total annual savings in excess of $150 million by 1996.

To gain greater organizational efficiency, we will be restructuring our business units. These changes are designed to enable PG&E to provide maximum value to our customers: service that is even more responsive to their needs at prices that are competitive.

Delivering that value requires a streamlined organization with fewer layers of management and greater participation in decision-making by employees closest to the work on how the work can best be done.

In addition, we are taking steps to capture more fully the efficiencies afforded by new technologies and developing an employee team that can work across organizational lines.

Cost management and effective organization are essential to satisfying customers. But knowing exactly which services our customers value is just as important.

Through a very precise research and planning process called "Voice of the Customer," PG&E is determining the level of overall satisfaction with our service. Using this data, PG&E will work to increase the company's level of performance on each element of service our customers deem important.

Education and the workplace

In a rapidly changing, highly competitive business climate, employees need new skills to keep pace with technological advances. PG&E needs employees to participate in making decisions on how to get the job done better – decisions based on a solid understanding of company goals, mission and business strategy.

That's why education is vital to PG&E and every member of our employee team. Central to our educational effort is the Blueprint for Learning – a comprehensive plan for continuous learning and management of training resources through the end of the decade.

New PG&E workers learn the company's basic business, its mission and goals, and the role they will have in building shareholder value and improving the services we offer.

Employees currently on the job are offered a wide range of courses that will help them acquire the skills necessary to advance their careers.

Last year, the company invested $125 million in education and devoted two million hours to training the men and women it employs. On any given work day, 1,100 PG&E people were attending class.

With the dedication in 1992 of the new Construction Training Center at Livermore and the completion this year of the expansion of our San Ramon Learning Center, PG&E will have one of the nation's most advanced utility education complexes.

The growing numbers of working parents on the job at PG&E welcomed the dedication of another new facility in 1992: the PG&E Children's Center. The 77 Beale headquarters now houses the first day-care center of its kind in the San Francisco financial district.

This professionally operated resource for parents of infants, toddlers and pre-schoolers was cited by *Working Mother* magazine, which named PG&E one of the country's best companies for working women.

To the Shareholders and the Board of Directors of Pacific Gas and Electric Company:

We have audited the consolidated balance sheet and the statement of consolidated capitalization of Pacific Gas and Electric Company and subsidiaries as of December 31, 1992 and 1991, and the related statements of consolidated income, cash flows, common stock equity and preferred stock, and the schedule of consolidated segment information for each of the three years in the period ended December 31, 1992, included in the proxy statement for the 1993 annual meeting of shareholders of the Company (not presented herein). Our report dated February 1, 1993, also appearing in that proxy statement, contained explanatory paragraphs that describe the uncertainties regarding the ultimate outcome of certain natural gas matters, as discussed in Note 2 of Notes to Consolidated Financial Statements, and recovery of Helms costs and revenues, as discussed in Note 10 of Notes to Consolidated Financial Statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1992 and 1991, and in the related condensed statements of consolidated income and cash flows for each of the three years in the period ended December 31, 1992, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

ARTHUR ANDERSEN & CO.
San Francisco, California
February 1, 1993

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The condensed consolidated financial statements in this summary annual report were derived from the consolidated financial statements that appear in the proxy statement for the 1993 annual meeting of shareholders. Management is responsible for preparing the consolidated financial statements, in accordance with generally accepted accounting principles appropriate in the circumstances, and for maintaining and monitoring the Company's systems of internal accounting controls. A description of these controls, along with management's opinion about their overall effectiveness, is contained within Responsibility for Financial Statements included in the proxy statement. The consolidated financial statements were audited by Arthur Andersen & Co., the Company's independent public accountants, whose report on the condensed consolidated financial statements appears above.

The financial statements on the following page have been condensed. More detailed financial information is provided in the proxy statement.

CONDENSED STATEMENT OF CONSOLIDATED INCOME

Year ended December 31	1992	1991	1990
(in millions, except per share amounts)			
Operating revenues	$10,296	$9,778	$9,470
Operating expenses	8,463	8,065	7,764
Operating income	1,833	1,713	1,706
Other income – net	124	94	85
Interest expense	786	781	804
NET INCOME	1,171	1,026	987
Preferred dividend requirement	79	89	98
EARNINGS AVAILABLE FOR COMMON STOCK	$ 1,092	$ 937	$ 889
EARNINGS PER COMMON SHARE	$ 2.58	$ 2.24	$ 2.10
DIVIDENDS DECLARED PER COMMON SHARE	$ 1.76	$ 1.64	$ 1.52

CONDENSED CONSOLIDATED BALANCE SHEET

December 31	1992	1991
(in millions)		
Plant in service	$ 27,734	$26,432
Accumulated depreciation and decommissioning	(10,508)	(9,473)
Net plant in service	17,226	16,959
Construction work in progress	1,534	712
Other noncurrent assets	1,427	1,370
Current assets	3,018	2,913
Deferred charges	983	947
TOTAL ASSETS	$ 24,188	$22,901
Capitalization	$ 17,599	$16,917
Other noncurrent liabilities	587	534
Current liabilities	3,503	3,096
Deferred credits	2,499	2,354
TOTAL CAPITALIZATION AND LIABILITIES	$ 24,188	$22,901

CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

Year ended December 31	1992	1991	1990
(in millions)			
Net income	$ 1,171	$ 1,026	$ 987
Adjustments to net income (primarily depreciation and decommissioning)	1,389	1,699	1,385
Net cash provided by operating activities	2,560	2,725	2,372
Net cash used by investing activities	(2,320)	(2,245)	(1,663)
Net cash used by financing activities	(239)	(484)	(675)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1	(4)	34
CASH AND CASH EQUIVALENTS AT JANUARY 1	97	101	67
CASH AND CASH EQUIVALENTS AT DECEMBER 31	$ 98	$ 97	$ 101

Board of Directors

Richard A. Clarke
Chairman of the Board and Chief Executive Officer, Pacific Gas and Electric Company

Harry M. Conger
Chairman of the Board and Chief Executive Officer, Homestake Mining Company

William S. Davila
President Emeritus, The Vons Companies, Inc. (retail grocery)

Ira Michael Heyman
Professor of Law, University of California, Berkeley

Melvin B. Lane
Publishing Consultant to Time Warner Inc. (publishing, music, and entertainment)

Leslie L. Luttgens
San Francisco Bay Area community leader

Richard B. Madden
Chairman of the Board and Chief Executive Officer, Potlatch Corporation (diversified forest products)

George A. Maneatis
Former President, Pacific Gas and Electric Company

Mary S. Metz
Dean of University Extension, University of California, Berkeley

Frederick W. Mielke, Jr. *
Former Chairman of the Board and Chief Executive Officer, Pacific Gas and Electric Company

William F. Miller
Professor of Public and Private Management and Professor of Computer Science, Stanford University

John B. M. Place
Former Chairman of the Board and Chief Executive Officer, Crocker National Corporation and Crocker National Bank

Samuel T. Reeves
President and Co-Chairman of the Board, Dunavant Enterprises, Inc. (cotton merchandising)

Carl E. Reichardt
Chairman of the Board and Chief Executive Officer, Wells Fargo & Company and Wells Fargo Bank, N.A.

John C. Sawhill
President and Chief Executive Officer, The Nature Conservancy (international environmental organization)

Stanley T. Skinner
President and Chief Operating Officer, Pacific Gas and Electric Company

Barry Lawson Williams
President, Williams Pacific Ventures, Inc. (venture capital and real estate)

Permanent Committees of the Board of Directors

Executive Committee
Within limits, may exercise powers and perform duties of the Board.

Richard A. Clarke (Chairman)
Harry M. Conger
Leslie L. Luttgens
Richard B. Madden
John B. M. Place
Stanley T. Skinner

Audit Committee
Reviews financial statements and internal accounting and control procedures with independent public accountants.

Harry M. Conger (Chairman)
William S. Davila
Melvin B. Lane
Mary S. Metz
Samuel T. Reeves

Finance Committee
Recommends long-range financial policies and objectives, and actions required to achieve those objectives.

Richard A. Clarke (Chairman)
Richard B. Madden
William F. Miller
Carl E. Reichardt
Stanley T. Skinner
Barry Lawson Williams

Nominating and Compensation Committee
Recommends candidates for nomination as directors, recommends compensation and employee benefit policies and practices, and reviews planning for executive development and succession.

Leslie L. Luttgens (Chairman)
Ira Michael Heyman
William F. Miller
John B. M. Place
John C. Sawhill

Public Policy Committee
Reviews public policy issues which could significantly affect customers, shareholders, employees, or the communities served, and recommends plans and programs to address such issues.

Richard A. Clarke (Chairman)
Ira Michael Heyman
Melvin B. Lane
Mary S. Metz
John C. Sawhill

* *Will retire April 21, 1995.*

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PG&E Officers†

°*Richard A. Clarke*
Chairman of the Board and
Chief Executive Officer

°*Stanley T. Skinner*
President and
Chief Operating Officer

°*Jerry R. McLeod*
Executive Vice President

°*James D. Shiffer*
Executive Vice President

°*Donald A. Brand*
Senior Vice President
and General Manager,
Engineering and Construction
Business Unit

°*Robert D. Glynn, Jr.*
Senior Vice President
and General Manager, Electric
Supply Business Unit

°*Benjamin F. Montoya*
Senior Vice President
and General Manager,
Gas Supply Business Unit

°*Virgil G. Rose*
Senior Vice President
and General Manager,
Distribution Business Unit

°*Gregory M. Rueger*
Senior Vice President
and General Manager,
Nuclear Power Generation
Business Unit

Norman L. Bryan
Vice President
Clean Air Vehicles

George F. Clifton, Jr.
Vice President
East Bay Region

Philip G. Damask
Vice President
Engineering and
Construction: Transmission
and Distribution

† *As of February 1, 1995*
° *Member Management Committee*

John C. Danielsen
Vice President
Computer and
Telecommunications Services

Ronald G. Domer
Vice President
Engineering and
Construction: Generation

Richard A. Draeger
Vice President
General Services

Roger J. Flynn
Vice President
San Joaquin Valley Region

Warren H. Fujimoto
Vice President
Nuclear Technical Services

Daniel E. Gibson
Vice President
Gas Supply

Howard V. Golub
Vice President and
General Counsel

Leland M. Gustafson
Vice President
Golden Gate Region

Robert J. Haywood
Vice President
Power Planning and Contracts

Thomas W. High
Vice President and
Assistant to the Chairman of
the Board

Grant N. Horne
Vice President
Corporate Communications

Jack F. Jenkins-Stark
Vice President and Treasurer

Donald L. Kennady, Jr.
Vice President
Redwood Region

John C. Keyser
Vice President
Marketing and Customer
Services

John E. Koehn
Vice President
Community and
Governmental Relations

William R. Mazotti
Vice President
Gas and Electric Technical
Services

Peter C. Nelson
Vice President
Mission Trail Region

Jackalyne Pfannenstiel
Vice President
Corporate Planning

James H. Pope
Vice President
Sacramento Valley Region

James K. Randolph
Vice President
Power Generation

Gordon R. Smith
Vice President and
Chief Financial Officer

James B. Stoutamore
Vice President
Gas Transmission and Storage

John D. Townsend
Vice President
Diablo Canyon Operations
and Plant Manager

Barbara Coull Williams
Vice President
Human Resources

Kent M. Harvey
Corporate Secretary

Thomas C. Long
Controller

Brian L. McGrath
Assistant Corporate Secretary

Kathleen Rueger
Assistant Corporate Secretary

Julia B. York
Assistant Treasurer

Chief Executive Officers of principal PG&E subsidiaries

Mason Willrich
President and Chief
Executive Officer
PG&E Enterprises

Stephen P. Reynolds
President and Chief
Executive Officer
Pacific Gas Transmission
Company

Donald McMorland
Chairman of the Board,
President and Chief
Executive Officer
Alberta and Southern
Gas Co. Ltd.

Chief Executive Officers of principal PG&E Enterprises subsidiaries and related ventures

Joseph T. Williams
President and Chief
Executive Officer
PG&E Resources Company

Joseph P. Kearney
President and Chief
Executive Officer
U.S. Generating Company

Earl H. Franklin
President and Chief
Executive Officer
U.S. Operating Services
Company

Mason Willrich
President and Chief
Executive Officer
PG&E Properties, Inc.

Shareholder Services Office
77 Beale Street
Room 2600
San Francisco, CA 94177
1-800-367-7731

If you have questions about your account or need copies of the Company's publications, please write to the Transfer Agent at the address shown below.

If you have general questions about PG&E or information contained in the summary annual report, please write to the Office of the Corporate Secretary at the address shown below.

Security analysts, portfolio managers or other representatives of the investment community should write to the Director of Investor Relations at the address shown below.

Corporate Secretary

Kent M. Harvey
77 Beale Street
Mail Code B32
P.O. Box 770000
San Francisco, CA 94177
(415) 973-2880

Transfer Agent

Daniel T. Lamey
77 Beale Street
Mail Code B26B
P.O. Box 770000
San Francisco, CA 94177
1-800-367-7731

Director of Investor Relations

Laura L. Mountcastle
77 Beale Street
Mail Code B8C
P.O. Box 770000
San Francisco, CA 94177
(415) 973-3007

Stock held in brokerage accounts ("street name")

When you purchase your stock and it is held for you by your broker, it is listed with the Company in the broker's name, or "street name." PG&E does not know the identity of individual shareholders who hold their shares in this manner – we simply know that a broker holds a certain number of shares which may be for any number of customers.

If you hold your stock in street name, you receive all dividend payments, publications, and proxy materials through your broker. If you are receiving unwanted duplicate mailings, you should contact your broker to eliminate the duplications.

Dividend Reinvestment Plan

If you hold certificates in your own name, rather than through a broker, you may automatically reinvest dividends from common and preferred stock in new shares of PG&E common stock through the Company's Dividend Reinvestment Plan. You may obtain the Plan prospectus and enrollment form by contacting the Shareholder Services Office. If your certificates are held by a broker (in "street name"), you are not eligible to participate in the Dividend Reinvestment Plan.

Replacement of dividend checks

If you do not receive your dividend check within five business days after the payment date, or if a check is lost or destroyed, you should notify the Shareholder Services Office so that payment may be stopped on the check and a replacement issued.

Lost or stolen certificates

If your stock certificate has been lost, stolen, or in some way destroyed, you should notify the Shareholder Services Office in writing immediately.

Annual meeting of shareholders

Date: April 21, 1993
Time: 2:00 p.m.
Location:
Masonic Auditorium
1111 California Street
San Francisco, California

A notice of the meeting, proxy statement, 1992 financial information, and proxy form are being mailed with this summary annual report on or about March 4, 1993, to all shareholders of record.

10-K Report

If you would like a copy of the Company's 1992 Form 10-K Report to the Securities and Exchange Commission, please contact the Shareholder Services Office.

1993 dividend payment dates

Common Stock	Preferred Stock
January 15	February 15
April 15	May 15
July 15	August 15
October 15	November 15

Stock exchange listings

PG&E's common stock is traded on the New York, Pacific, London, Basel, Zürich and Amsterdam stock exchanges. The official New York Stock Exchange symbol is "PCG" but the Company's common stock usually is listed in the newspaper under "PacGE."

The Company has 18 issues of preferred stock, most of which are listed on the American Stock Exchange and the Pacific Stock Exchange.

Issue		Newspaper symbol
First Preferred, Cumulative, Par Value $25 Per Share Redeemable:		
9.30%		PGEpfV
9.00%		PGEpfL
8.20%		PGEpfP
8.16%		PGEpfK
8.00%		PGEpfO
7.84%		PGEpfM
7.44%		PGEpfQ
6.57%		Unlisted
5.00%		PGEpfD
5.00%	Series A	PGEpfE
4.80%		PGEpfG
4.50%		PGEpfH
4.36%		PGEpfI
Non-Redeemable:		
6.00%		PGEpfA
5.50%		PGEpfB
5.00%		PGEpfC
$100 First Preferred, Cumulative, Par Value $100 Per Share		
10.17%		Unlisted
9.00%		Unlisted

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