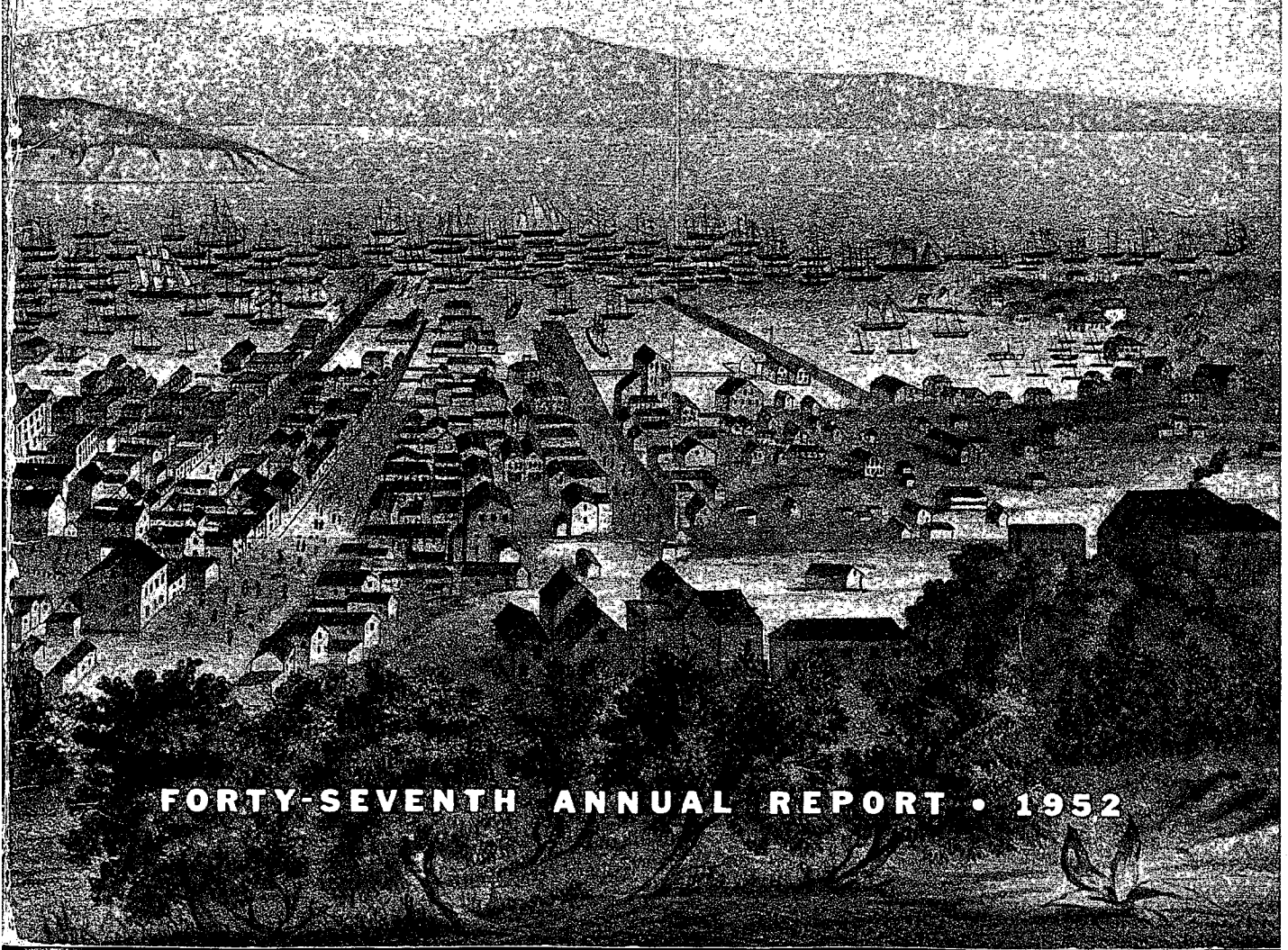


1952

1852 - Our Centennial Year - 1952

PACIFIC
GAS AND ELECTRIC
COMPANY



FORTY-SEVENTH ANNUAL REPORT • 1952

A Century of Public Service

PACIFIC GAS AND ELECTRIC COMPANY celebrated its centennial in 1952. One hundred years ago, August 31, 1852, the San Francisco Gas Company, first gas utility in California, first in all the West, was established by Peter Donahue. From that small beginning, today's widespread, integrated system and corporate structure have been developed.

With its roots reaching deep into the gold rush period, only two years after California was admitted to the Union, the Company's progress has been nearly identical and closely inter-related with that of the Golden State. Today the State is second in population rank and among the greatest in production. P. G. and E. ranks equally high among the electric and gas utilities of the Nation.

Peter Donahue, founder of the first gas company, was a machinist and foundryman. He had quickly forsaken the search for gold to establish himself in business, foreseeing with what proved to be clear vision, that the sprawling village by the Golden Gate would become a great city. He decided to build a gas works to provide light for its streets, its business places and dwellings.

Knowing nothing of gas manufacture, Donahue and his brother James nevertheless built a small gas works on the Bay shore. Gas first lighted the streets of San Francisco February 11, 1854. Eighty-four flickering jets illuminated the muddy crossings. Gas sold for \$15 per thousand cubic feet.

In succeeding years gas companies were organized in the pioneer settlements, in Marysville, Sacramento, San Jose, Oakland and other towns.

Competing gas companies sprang up in San Francisco, bitter rate wars were fought, and, as the economic wastefulness of competition became apparent, consolidation of the opposing systems was effected. Donahue's pioneer company became the San Francisco Gas Light Company as a result of mergers. Competition continued to flare into rate battles at intervals for nearly half a century.

The first electric service in California was provided by the California Electric Light Company, incorporated June 28, 1879, by George H. Roe, who obtained two Brush dynamos with a capacity of 21 arc lamps and housed them in a building at Fourth and Market Streets.

When its sputtering arc lamps were placed in service in September, 1879, the plant became the first central

station in the United States and probably in the world to serve electricity to customers. It antedated Thomas A. Edison's Pearl Street Station in New York by three years.

Then came the hydroelectric plants, operated by water power. In the 'eighties many small steam-operated powerhouses and a few small hydro stations had been built in Northern California but the most rapid expansion of electric service started in the 'nineties with the advent of long-distance transmission.

Generation of electricity by use of water power was a natural development in the foothills of the Sierra where the miners had built thousands of miles of ditches and flumes for mining operations. The earliest of the 520 companies which over the years were welded into the present P. G. and E., was the Rock Creek Water Company, organized in 1850 to build the first known mining ditch. This little company eventually became the South Yuba Water Company, owner of a vast system of waterways that later descended to P. G. and E.

The first water-powered dynamos were installed in Nevada and Placer counties in the late 'eighties to supply light and power to mines or to a few customers. They were followed July 13, 1895 by Folsom Powerhouse on the American River, built by H. P. and Charles E. Livermore, the earliest hydroelectric plant of the P. G. and E. system. Folsom gained its place in history by delivering power to Sacramento, the State capital, 22 miles from its generators.

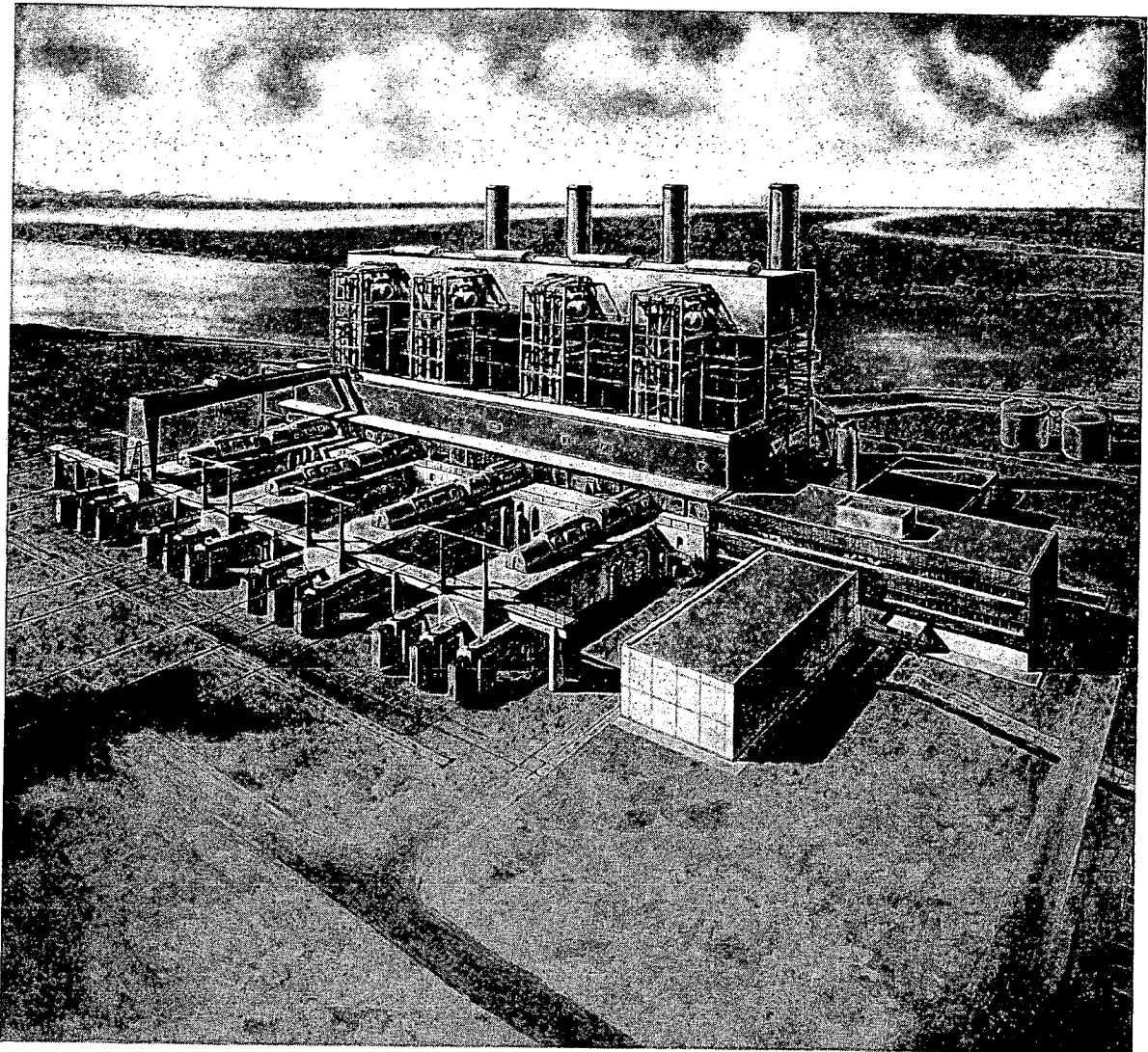
Success of the Folsom project was followed by a wave of hydro plant building. Eugene J. de Sabla, Jr., and John Martin, who have been called the fathers of P. G. and E., built in rapid succession the Nevada (Rome), Yuba and Colgate Powerhouses in Nevada and Yuba counties. By 1901, their Bay Counties Power Company had built transmission lines to Sacramento and from Colgate across Carquinez Strait, 142 miles to Oakland. Power was transmitted at 60,000 volts, then a record distance at high voltage.

In the meantime Prince André Poniatowski was constructing Electra Powerhouse (in operation 1902) on the Mokelumne River in Amador County. Power from Electra was delivered in San Francisco in 1902. The Prince was associated in the project with his brother-in-law, the late W. H. Crocker. *(Continued inside back cover)*

PACIFIC GAS AND ELECTRIC COMPANY



FORTY-SEVENTH ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1952



On the shore of the upper reaches of San Francisco Bay near the industrial town of Pittsburg, a great steam-operated power plant, largest west of the Mississippi, is under construction. Its four turbo-generators will have a total capacity of 600,000 kilowatts. They will stand in the open, protected against the weather by water-proof covering. The outdoor design effects substantial economies in construction costs. This drawing shows in the background the four towering stacks and boilers, next the turbo-generators, then transformers. The buildings at the right will house the office and service facilities for the plant. Pittsburg Plant is expected to be in operation in 1954.



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OUR COVER

*San Francisco as it looked from Nob Hill 100 years ago.
Reproduced by courtesy of the M. H. de Young Memorial
Museum, San Francisco, from a lithograph by T. Sinclair,
published in Henry Bill's "History of the World."*

Pacific Gas and Electric Company
245 Market Street, San Francisco 6, California

Board of Directors

JAMES B. BLACK	San Francisco	NORMAN B. LIVERMORE	San Francisco
FRANK E. BUCK	San Francisco	JAMES K. LOCHEAD	San Francisco
ALLEN L. CHICKERING	San Francisco	ELLIOTT McALLISTER	San Francisco
JOHN P. COGHLAN	San Francisco	HENRY D. NICHOLS	San Francisco
JAMES F. CRAFTS	San Francisco	SILAS H. PALMER	San Francisco
W. W. CROCKER	San Francisco	WALTER H. SULLIVAN	San Francisco
W. G. B. EULER	San Francisco	N. R. SUTHERLAND*	San Francisco
WALTER A. HAAS	San Francisco		

*Elected May 14, 1952, to succeed C. O. G. Miller, deceased

Executive Committee

JAMES B. BLACK
ALLEN L. CHICKERING NORMAN B. LIVERMORE
W. W. CROCKER SILAS H. PALMER

Officers

JAMES B. BLACK, *President*
W. G. B. EULER, *Executive Vice-President*
N. R. SUTHERLAND, *Vice-President and General Manager*
JOHN P. COGHLAN, *Vice-President and Assistant to the President*
L. HAROLD ANDERSON, *Vice-President and Assistant General Manager*
J. S. MOULTON, *Vice-President and Executive Engineer*
D. D. SMALLEY, *Vice-President in Charge of Operations*
WALTER DREYER, *Vice-President and Chief Engineer*
O. R. DOERR, *Vice-President in Charge of Sales*
K. C. CHRISTENSEN, *Treasurer*
RAYMOND KINDIG, *Secretary*
O. H. BARTHOL, *Assistant Treasurer and Assistant Secretary*
F. W. MCCHESENEY, *Assistant Treasurer* C. L. HORNBERGER, *Assistant Secretary*
V. D. VINCENT, *Assistant Treasurer* E. E. MANHARD, *Assistant Secretary*
H. C. NELSON, *Assistant Secretary*

* * *

ROBERT H. GERDES, *General Counsel* E. W. HODGES, *Comptroller*

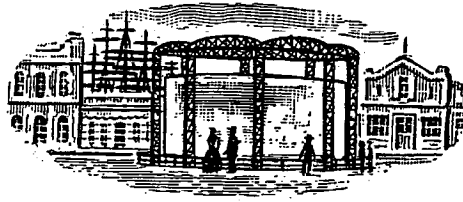
Stock Transfer Agencies

OFFICE OF THE COMPANY (A. W. Ulrich, Transfer Agent),
San Francisco; BANKERS TRUST COMPANY, New York.

Registrars of Stock

AMERICAN TRUST COMPANY, San Francisco;
THE NEW YORK TRUST COMPANY, New York.

*This Company makes no charge for stock transfers except as to documentary stamps
or other charges that may be required by law.*



1852—San Francisco Gas Company, earliest predecessor company

Report of the Directors of the Pacific Gas and Electric Company

San Francisco, California, February 20, 1953

To the Stockholders

The year 1952, our Centennial Year, was in many respects one of the most satisfactory in the Company's history.

New high records for sales of electricity and gas, gross operating revenues, and number of customers served featured the year's operations.

Earnings showed substantial improvement over the low level of the previous year. The improvement was due largely to increased gas rates placed in effect in 1951 and to an exceptionally favorable water year for hydro-electric generation.

Net earnings for the common stock amounted to \$2.52 per share on an average of 12,492,070 shares outstanding in 1952, compared with \$2.14 per share on an average of 11,001,529 shares outstanding in 1951. Based on the 13,627,720 shares of common stock outstanding at the close of 1952, earnings amounted to \$2.31 per share, compared with \$2.07 in 1951 upon 11,356,420 shares outstanding at the close of that year. Earnings of \$2.52 per share realized in 1952 compare with an average of \$2.38 per share over the past ten years.

The completion of one hundred years of service to the people of Northern and Central California was a notable milestone in our history. It served to remind us of the fundamental strength and stability of our business and of the extraordinary vitality of private enterprise.

The year was notable for a number of other reasons.

The Company was honored with the Charles A. Coffin Award, granted in recognition of its contribution to the development of electric light and power for the convenience of the public and the benefit of the electric industry. The award is more fully described later in this report.

In March our capital structure was further simplified on payment at maturity of our last underlying bond issue, making the Company's First and Refunding Mortgage for the first time a direct lien on all its mortgageable properties.

In June the Company made the largest offering of common stock ever made by any gas and electric utility. The offering was eminently successful. Not only did it provide us with a large amount of capital to carry forward our construction program, but it also effected a substantial improvement in our capitalization ratios.

In August our gross operating revenues on an annual basis passed \$300 million for the first time. It is interesting to note that the \$100 million mark was not reached until October 1937, eighty-five years and two months after the System's founding. A gross of \$200 million was achieved eleven years later, in October 1948. The \$300 million mark was reached only three years and ten months

later, in August 1952, coincident with the celebration of our One Hundredth Birthday.

In October the California Public Utilities Commission rendered its decision on our application for increased electric rates, filed in 1951, authorizing an increase of almost \$33 million annually. The increase, however, had but a minor effect on the year's earnings, as only the equivalent of about one month's revenue under the new rates was reflected in our 1952 accounts.

This was the first major increase in our electric rates in more than thirty years. The need for it can be attributed directly to increased taxes and to the inflationary forces prevailing in the postwar period.

While the increase was less than the amount requested by the Company, it is nonetheless obvious that, barring a further upsurge in the inflationary spiral or other major changes not now foreseeable, our future earnings should show a substantial improvement over those realized in recent years.

The long-term interest of our customers can best be served if we have the financial strength and credit which will permit us to treat existing security holders fairly, and to attract at a reasonable cost the new capital which is so vital to the development of our rapidly growing service area.

About \$162 million was spent in 1952 for extending and enlarging our facilities for serving the public. Our postwar construction program is by far the largest ever undertaken by any similar utility, expenditures for which passed the billion dollar mark early in 1953.

Delays of up to six months have been experienced in construction, because of rescheduling by Governmental authorities, strikes, and shortages of materials and in manufacturing capacity. As a result, our electric reserves will not be as large as we would like until next year.

The Company will carry on a construction program of large magnitude for the next several years. Assuming the availability of materials and equipment, the actual construction should present no real problem as we have the organization to carry it forward in an orderly and efficient manner.

In cooperation with the Bechtel Corporation,

and under direction of the United States Atomic Energy Commission, the Company is studying the possible use of atomic energy for industrial power production. It is not now known whether commercial operation of atomic generating plants will prove economically feasible in the foreseeable future.

The year's events would appear to justify an optimistic outlook. Most of the Company's difficult postwar problems now have been resolved, or are in the course of solution. Needed increases in both electric and gas rates have been obtained. We have a relatively new plant in excellent condition, 58% of its dollar value having been installed since the close of World War II. We have a strong and capable organization. Our service area continues to develop rapidly and is becoming more diversified.

The Company begins its second century of public service in as good or better condition than at any time in its long history.

The magnitude and complexity of the Company's operations and their importance to the economy of Northern and Central California impose a great responsibility upon the management of the Company, as well as upon the regulatory bodies to whose jurisdiction we are subject. There should be no fundamental conflict between the reasonable aspirations of our security holders, our employees and our customers. By promoting a harmonious and equitable balancing of the interests of each group, the Company's management and the regulatory authorities will make a substantial contribution to the strength and well-being of our nation and to the preservation of our individual liberties.

What appears to be a significant change in the political and economic thinking of the American people has recently manifested itself. With a changed orientation in our national life, having as one of its major objectives the encouragement of private enterprise and initiative in the interest of all the people, we should see an end to the hostility exhibited in the past toward business generally, and toward the utility industry in particular.

On the following pages appear further details concerning the Company's finances and operations during 1952.

Highlights

OF THE YEAR'S OPERATIONS

Gross operating revenues passed the \$300,000,000 mark for the first time, reaching a new peak of \$313,985,000 for the year. The increase over the previous year was \$34,486,000, or 12.3%.

Sales of electricity totaled 13,424,000,000 kilowatt-hours, and sales of gas 220,073,000,000 cubic feet, exceeding those of the previous year by 6.3% and 9.8%, respectively. Excluding agricultural power, which decreased because of the unusually wet year, electric sales increased 8.8%.

The addition of 107,591 new customers in 1952 resulted in a year-end total of 2,627,789. It was the sixth successive year in which we have added more than 100,000 customers.

Construction expenditures totaled \$162,000,000, bringing to \$978,000,000 the amount spent by the Company since the close of World War II to expand and enlarge its facilities for serving the public.

There was an increase of 9,867 in the number of those participating in the Company's ownership. At the year-end the Company was owned by 198,330 stockholders, making it one of the most widely-owned corporations in the United States.

The California Public Utilities Commission on October 15, 1952 rendered its decision on our application filed in 1951 for an increase in electric rates, concluding that the Company was entitled to an over-all increase of \$32,990,000, based on estimated 1952 volume of sales.

Our Centennial was celebrated with appropriate ceremonies in 1952, in observance of the organization of the San Francisco Gas Company on August 31, 1852, our earliest predecessor utility company.

The Company was honored in receiving the Charles A. Coffin Award, in recognition of its contribution to the development of electric light and power for the convenience of the public and the benefit of the industry.

Net earnings for the common stock amounted to \$2.52 per share based on the average number of shares outstanding, compared with \$2.14 per share in 1951. As the result of higher electric rates placed in effect late in the year, a further improvement should be expected in the Company's earnings.

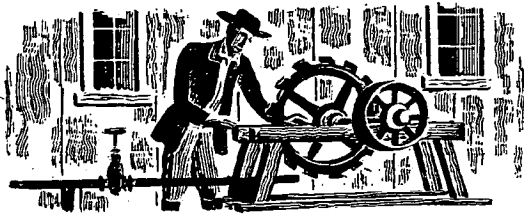
Revenues and Sales
Electric and Gas Departments by Classes of Service

ELECTRIC REVENUES	ELECTRIC DEPARTMENT		Increase	
	Year 1952	Year 1951	Amount	Per Cent
Residential or Domestic Sales	\$ 64,008,347	\$ 56,614,521	\$ 7,393,826	13.1%
Small Light and Power Sales	45,010,190	41,629,108	3,381,082	8.1
Large Light and Power Sales	51,086,680	47,875,334	3,211,346	6.7
Agricultural Power Sales	25,806,985	25,986,706	* 179,721	* 0.7
Public Street and Highway Lighting	2,605,196	2,328,246	276,950	11.9
Sales to Railroads and Railways	328,297	349,590	* 21,293	* 6.1
Sales to Other Electric Utilities	11,128,758	9,341,808	1,786,950	19.1
Company Use (Construction)	135,824	119,131	16,693	14.0
Other Miscellaneous Revenue	5,533,324	5,120,127	413,197	8.1
TOTALS	\$205,643,601	\$189,364,571	\$16,279,030	8.6%
ELECTRIC SALES—Kilowatt-Hours				
Residential or Domestic Sales	2,596,711,724	2,270,808,910	325,902,814	14.4%
Small Light and Power Sales	1,680,743,082	1,571,613,378	109,129,704	6.9
Large Light and Power Sales	4,886,367,005	4,701,730,804	184,636,201	3.9
Agricultural Power Sales	2,325,056,310	2,429,182,890	*104,126,580	* 4.3
Public Street and Highway Lighting	75,644,073	68,556,630	7,087,443	10.3
Sales to Railroads and Railways	25,104,554	28,827,561	* 3,723,007	*12.9
Sales to Other Electric Utilities	1,827,134,256	1,552,990,195	274,144,061	17.7
Company Use (Construction)	7,224,177	6,381,919	842,258	13.2
TOTAL SALES	13,423,985,181	12,630,092,287	793,892,894	6.3
Delivered for the account of others	520,239,467	380,592,298	139,647,169	36.7
TOTALS	13,944,224,648	13,010,684,585	933,540,063	7.2%

*Denotes decrease

GAS REVENUES	GAS DEPARTMENT		Increase	
	Year 1952	Year 1951	Amount	Per Cent
Residential or Domestic Sales	\$ 59,618,094	\$48,792,190	\$10,825,904	22.2%
Commercial Sales	17,317,083	14,682,568	2,634,515	17.9
Industrial Sales	26,906,268	24,498,244	2,408,024	9.8
Sales to Other Gas Utilities	2,720,493	389,534	2,330,959	598.4
Company Use (Construction)	19,696	36,790	* 17,094	*46.5
Other Miscellaneous Revenue	199,343	234,564	* 35,221	*15.0
TOTALS	\$106,780,977	\$88,633,890	\$18,147,087	20.5%
GAS SALES—Thousands of Cubic Feet				
Residential or Domestic Sales	95,949,637.7	87,346,914.4	8,602,723.3	9.8%
Commercial Sales	34,487,173.6	32,634,029.3	1,853,144.3	5.7
Industrial Sales	80,216,573.7	79,099,990.1	1,116,583.6	1.4
Sales to Other Gas Utilities	9,372,423.0	1,285,217.0	8,087,206.0	629.2
Company Use (Construction)	47,203.5	148,744.5	* 101,541.0	*68.3
TOTALS	220,073,011.5	200,514,895.3	19,558,116.2	9.8%

*Denotes decrease



1878—Pelton develops the improved water wheel that bears his name

Operating Review

OPERATING REVENUES

Gross operating revenues from all sources advanced to a new peak of \$313,985,000. The increase over the previous year, about equally distributed between the Electric and Gas Departments, amounted to \$34,486,000, or 12.3%.

Our electric business produced 65.5% of total operating revenues, our gas business 34.0%, and minor activities 0.5%.

Reference is made to the table on the opposite page, which shows gross revenues for the Electric and Gas Departments by classes of service, compared with those for the previous year.

The over-all increase for Electric Department revenues was 8.6%. A very satisfactory gain of 13.1% was recorded in the residential or domestic classification. The only major class of service which failed to show even a moderate gain was agricultural power. This was because of weather conditions, more fully covered in the discussion of Sales.

Reflecting higher rates placed in effect during 1951, as well as an increase in the volume of sales, gas revenues registered a large gain of 20.5%. A greater than average gain was recorded in the residential or domestic classification. This exceptionally stable class of business produced more than 55% of our total gas revenues.

OPERATING EXPENSES

The cost of maintaining and operating our properties in 1952, exclusive of depreciation and taxes, amounted to \$144,650,000, or \$9,999,000 more than in the previous year.

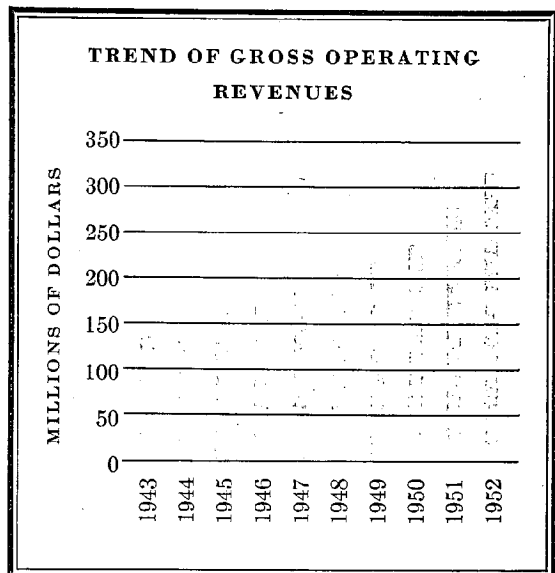
Wages and salaries of operating employees totaled \$46,688,000 for the year. The increase over the

previous year, amounting to \$4,296,000, was caused by higher wage rates placed in effect in both 1951 and 1952, and by a larger number of employees required for our expanded operations.

Power purchased from other producers cost \$10,166,000, or \$809,000 less than in the previous year. This decrease occurred notwithstanding a greater volume of power purchased, principally because of the more favorable arrangements placed in effect in 1951 for power taken from the Central Valley Project of the United States Bureau of Reclamation.

The cost of natural gas increased \$4,719,000, and totaled \$54,957,000 for the year. As the average unit price paid for gas was substantially unchanged from the previous year, the increase was entirely due to the larger volume of gas purchased for sale to our customers and for use in the Company's steam-electric generating plants.

Oil and other fuel, most of which is consumed in our steam-electric generating plants, decreased \$2,380,000. This resulted in part from the increased use of natural gas and in part from the exceptionally favorable water year for hydro-electric generation, which permitted a reduction in the consumption of fuel in our steam-electric plants.





1879—California Electric Light Company builds first central station

TAXES

Our tax bill in 1952 totaled \$78,986,000, advancing \$13,120,000 over the record level of the preceding year. Of the total, \$73,324,000 was charged to income, and the balance to capital and other accounts.

The table on page 12 shows taxes by classes, paid or accrued in the year 1952, and a comparison with the previous year.

Taxes are now by far the largest single item affecting the prices we must charge our customers for utility service. Their importance as an element of the cost of conducting our business can be illustrated by the following facts: Taxes charged to income in 1952 absorbed 23.4% of gross operating revenues from all sources. They exceeded by \$26,600,000 the total wages and salaries paid to all operating employees. They exceeded by \$26,300,000 the entire net income available for dividends to our almost 200,000 stockholders whose equity in the business at the year-end approximated \$715,000,000. They were equivalent to \$5.87 a share on the average number of shares of common stock outstanding during the year.

Of all the increased costs in the postwar period which have compelled us to seek increases in both gas and electric rates, perhaps the most important has been the increase in Federal income taxes. The effective rate for this tax has been increased in successive stages from 38% in 1946 to 52% at the present time. However, the repeal of the 3 1/4% Federal excise tax on electric energy in November 1951 operated to offset to a small extent the higher Federal income taxes.

The effect of the increase in the Federal income tax rate is illustrated by the observation that had the 1946 rate of 38% been in effect during the year 1952, net earnings available for the common stock

would have amounted to \$3.37 per share rather than the \$2.52 actually realized.

In the face of world conditions, it is obvious that we all must pay higher taxes. However, there is little doubt in the minds of most informed persons that even under present conditions, some relief could be obtained by eliminating waste and extravagance in government, and by the exercise of the greatest possible economy in military and foreign-aid expenditures.

For the Y

SOURCES OF INCOME:

Electric Department revenues	
Gas Department revenues	
Revenues from other operating departments	
Miscellaneous income	
Totals	

DISPOSITION OF INCOME:

Wages and salaries of operating employees	
Power purchased from wholesale producers	
Natural gas purchased	
Oil and other fuel	
Materials and supplies, services from others, etc.	
Provision for pensions, insurance, etc.	
Provision for depreciation and amortization	
Taxes, including provision for Federal taxes on income	
Special charges in lieu of Federal taxes on income	
Bond interest and other income deductions	
Dividends paid on preferred stock	
Dividends paid on common stock	
Balance retained in the business	
Totals	

AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING

EARNINGS PER SHARE ON AVERAGE NUMBER OF SHARES OUTSTANDING

DIVIDENDS PAID PER SHARE OF COMMON STOCK

RETAINED IN THE BUSINESS, PER SHARE OF COMMON STOCK

*Denotes red figure.

FORTY-SEVENTH ANNUAL REPORT

Our tax bill would be far more palatable if the burden were distributed equitably among all those receiving utility service. Unfortunately, this is not the case. Government-owned utilities continue to be favored by complete exemption from Federal taxation, and almost complete exemption from state and local taxation.

No justification whatever exists for this subsidy, as the customers of government-owned utilities should make the same proportionate contribution

to the cost of government as do the customers of investor-owned utilities. Here is a loophole in our tax structure which our legislators could very well eliminate.

DEPRECIATION AND AMORTIZATION

The provision made on our books for depreciation and amortization amounted to \$32,700,000. This was \$1,090,000 greater than in the previous year, and absorbed 10.4% of gross operating revenues.

Summary Showing Sources and Disposition of Income

1948-1952 inclusive, and Average for Five-Year Periods 1948-1952 and 1943-1947

Year 1952	Year 1951	Year 1950	Year 1949	Year 1948	Average Five-Years 1948-52	Average Five-Years 1943-47
\$205,643,000	\$189,365,000	\$166,805,000	\$150,542,000	\$136,276,000	\$169,726,000	\$112,752,000
106,781,000	88,634,000	69,257,000	65,219,000	66,562,000	79,291,000	46,729,000
1,561,000	1,500,000	1,375,000	1,464,000	1,404,000	1,461,000	1,093,000
429,000	364,000	547,000	310,000	428,000	415,000	366,000
<u>\$314,414,000</u>	<u>\$279,863,000</u>	<u>\$237,984,000</u>	<u>\$217,535,000</u>	<u>\$204,670,000</u>	<u>\$250,893,000</u>	<u>\$160,940,000</u>
\$ 46,688,000	\$ 42,392,000	\$ 37,611,000	\$ 37,141,000	\$ 33,314,000	\$ 39,429,000	\$ 23,802,000
10,166,000	10,975,000	11,385,000	11,720,000	13,499,000	11,549,000	7,182,000
54,957,000	50,238,000	33,785,000	34,607,000	32,369,000	41,191,000	16,791,000
8,497,000	10,877,000	7,467,000	17,122,000	12,004,000	11,193,000	5,564,000
20,537,000	16,363,000	15,397,000	15,012,000	13,868,000	16,235,000	9,570,000
3,805,000	3,806,000	3,058,000	2,802,000	2,372,000	3,169,000	1,957,000
32,700,000	31,610,000	28,123,000	24,980,000	22,922,000	28,067,000	21,914,000
73,324,000	60,497,000	49,850,000	35,927,000	36,105,000	51,141,000	36,256,000
—	—	—	* 1,720,000	—	* 344,000	3,574,000
16,740,000	16,229,000	13,462,000	12,346,000	10,879,000	13,931,000	10,928,000
15,530,000	13,383,000	12,906,000	10,582,000	8,823,000	12,245,000	8,422,000
24,984,000	22,003,000	19,045,000	16,191,000	14,745,000	19,394,000	12,645,000
6,486,000	1,490,000	5,895,000	825,000	3,770,000	3,693,000	2,335,000
<u>\$314,414,000</u>	<u>\$279,863,000</u>	<u>\$237,984,000</u>	<u>\$217,535,000</u>	<u>\$204,670,000</u>	<u>\$250,893,000</u>	<u>\$160,940,000</u>
12,492,070	11,001,529	9,522,817	8,095,597	7,372,582	9,696,919	6,322,091
\$2.52	\$2.14	\$2.62	\$2.10	\$2.51	\$2.38	\$2.37
\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
\$0.52	\$0.14	\$0.62	\$0.10	\$0.51	\$0.38	\$0.37

PACIFIC GAS AND ELECTRIC COMPANY

During the year, under authorization of the California Public Utilities Commission, the Company adjusted its accounts retroactively to January 1, to give effect to a 4% remaining life basis for accruing depreciation on the properties of all of its operating departments. These adjustments reduced the depreciation provision by approximately \$2,300,000 below that which would have resulted under the basis of accrual previously in effect.

FIXED CHARGES AND DIVIDENDS

Interest on our long-term debt increased \$842,000 as the result of an issue of bonds sold in the first quarter of the year.

Interest credited to construction amounted to \$3,764,000, or \$356,000 more than in the previous year. Computed on the basis of a 5% interest rate,

this credit represents the estimated capital carrying costs on an average of about \$75,000,000 tied up during the year in non-operative construction work in progress.

Dividends paid on the Company's outstanding preferred stock totaled \$15,530,000, or \$2,147,000 more than in the previous year. This increase resulted principally from the sale of 1,500,000 shares of preferred stock issued on November 1, 1951, upon which the initial dividend was paid February 15, 1952.

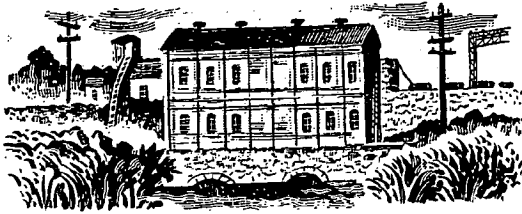
Dividends were paid on the common stock at the annual rate of \$2.00 per share, and totaled \$24,984,000. The increase over the previous year was \$2,981,000, due to an increase of 1,490,541 in the average number of shares of common stock outstanding.

Taxes—By Classes and Comparison with Previous Year

		Year 1952	Year 1951	Increase
LOCAL TAXES:	Ad valorem property	\$31,774,095	\$29,517,494	\$ 2,256,601
	Franchise payments	1,635,570	1,407,842	227,728
	Total local taxes	33,409,665	30,925,336	2,484,329
STATE TAXES:	Bank and corporation franchise	2,124,662	1,876,343	248,319
	Unemployment	845,675	1,316,876	* 471,201
	Other	268,852	216,045	52,807
	Total state taxes	3,239,189	3,409,264	* 170,075
CITY AND STATE:	Sales and use	2,099,091	2,093,770	5,321
FEDERAL TAXES:	Corporation income	38,947,926	25,363,884	13,584,042
	Electric energy	—	2,917,627	*2,917,627
	Unemployment	171,846	160,976	10,870
	Old age benefits	982,788	907,885	74,903
	Other	135,109	87,073	48,036
	Total federal taxes	40,237,669	29,437,445	10,800,224
	Total taxes	\$78,985,614	\$65,865,815	\$13,119,799
CHARGED TO:	Income account—Taxes	\$73,324,105	\$60,497,467	\$12,826,638
	Capital and other accounts	5,661,509	5,368,348	293,161
	Total taxes	\$78,985,614	\$65,865,815	\$13,119,799

*Denotes decrease

After the payment of dividends, earnings retained for reinvestment in the business amounted to \$6,486,000, equivalent to 52 cents per share on the average number of shares of common stock outstanding during the year.



1895 — Folsom, pioneer hydro plant P. G. and E. system

Financing

The Company's new money requirements in 1952 were obtained entirely from the sale of bonds and common stock. Securities with an aggregate par value of \$111,782,500 were issued and sold, the net proceeds exceeding this amount by approximately \$10,000,000.

In March, \$55,000,000 face amount of First and Refunding Mortgage Bonds, 3 $\frac{3}{8}$ %, Series U, due December 1, 1985, were sold at competitive bidding. The proceeds were used, in part, to retire short-term bank loans of \$16,700,000, obtained earlier in the year to finance temporarily our construction program pending completion of permanent financing.

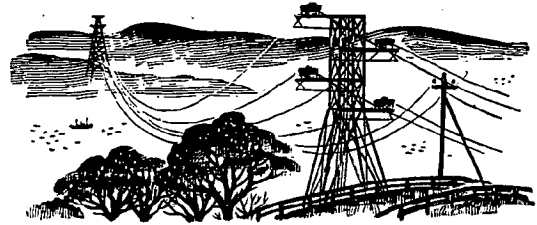
Common stockholders of record on June 10, 1952 were issued rights entitling them to subscribe to 2,271,300 shares of common stock at \$30 per share, in the ratio of one share for each five shares then held. This offering was underwritten by a nationwide group of underwriters. Net proceeds, after underwriting and corporate costs, approximated \$66,500,000.

The results of the offering were very gratifying, particularly as it was larger than any offering of common stock ever made by a similar utility. Subscriptions were received for 2,219,435 shares, representing 97.7% of the total shares offered. These results include stock subscribed for by the underwriters, upon the exercise of rights purchased by them in the open market, and in turn distributed

by them to the investing public. The 51,865 shares remaining unsubscribed at the close of the subscription period were purchased by the underwriters in accordance with the terms of the underwriting agreement. The Company shared in the profits from the sale of the unsubscribed stock to the public.

One refunding operation was conducted during the year. On May 1, 1952, the Company made a private placement of 306,680 shares of its 5% Redeemable First Preferred Stock, with a par value of \$7,667,000. The issue was sold to refund a like face amount of Unifying and Refunding Mortgage Bonds, Series B, 6%, of the former San Joaquin Light and Power Corporation, which matured on March 1, 1952. Pending receipt of the proceeds from the sale of the preferred stock, a temporary bank loan was obtained to pay off the bonds at maturity.

As a result of the financing of 1952, our capital structure was further simplified and strengthened. At the year-end, it consisted of 47.8% bonds, all outstanding under the Company's First and Refunding Mortgage, 21.3% preferred stock, and 30.9% common stock equity.



1901 — Power spans Carquinez Strait, en route from Colgate to Oakland

Construction Program

Construction expenditures totaled \$162,000,000 in 1952. This brings to \$978,000,000 the amount spent by the Company since the close of World War II to keep ahead of the rapid development of its service area.

Generally satisfactory progress was made on our construction program, except that completion dates initially set for some of our major projects were not met because of strikes and delays in receiving materials and equipment.

PACIFIC GAS AND ELECTRIC COMPANY

Late in the year the fourth and fifth steam-electric generating units, with a total of 235,000 kilowatts capacity, were placed in operation at our Moss Landing Plant. Completion of these units brought the capacity of the plant to 575,000 kilowatts, making it the largest plant presently in operation on our system.

Our Bear River Project of 29,000 kilowatts capacity was completed late in the year. Additional water storage developed by this project will permit an increase in output from the Company's chain of existing hydro plants on the North Fork of the Mokelumne River.

The Company's postwar construction program to date has added 1,688,000 kilowatts of electric generating capacity, more than doubling our capacity in service at the close of World War II.

We have under construction or plan to complete before the close of 1955, 1,273,000 kilowatts of additional capacity, at which time our total system electric generating capacity will exceed 4,500,000 kilowatts, exclusive of capacity available to us from other producers, which at present approximates 500,000 kilowatts.

Construction is under way on two additional units at our Contra Costa steam-electric generating plant, which will bring that plant's capacity to 575,000 kilowatts by mid-1953.

Construction is also well advanced on our new Pittsburg Steam Plant, which on completion will be the largest on our system, with 600,000 kilowatts capacity. This plant is expected to be in full operation in 1954.

A new hydro-electric plant on the Pit River, to be known as Pit No. 4, is also under construction. It is scheduled for operation in 1955 and will have a capacity of 84,000 kilowatts. Construction work will start this summer on a new 300,000-kilowatt steam plant at Morro Bay. In addition, a plant capable of housing a 50,000-kilowatt unit will be built at Buhne Point near Eureka. Both plants are planned for completion during 1955-56.

Planning further ahead to meet the continuing growth of our service area, the Company has applied to the Federal Power Commission for licenses to construct four new hydro-electric plants on the

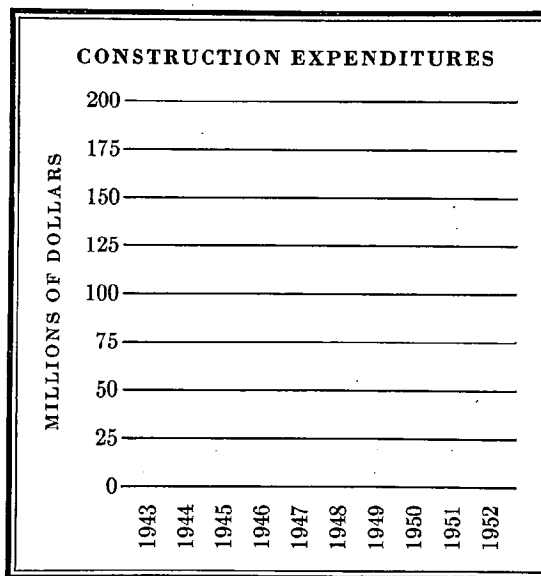
Feather River, with an aggregate capacity of 364,000 kilowatts, and for another of 60,000 kilowatts capacity on the Pit River. Construction schedules for these plants have not been determined.

The Company has also applied to the Federal Power Commission for a preliminary permit to conduct an investigation for a hydro-electric development on the McCloud River.

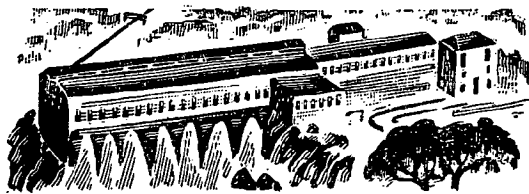
Plans for further development of the hydro potential on the Kings River, aggregating 240,000 kilowatts, have been delayed by litigation, the Secretary of the Interior having petitioned the United States Court of Appeals for a review of the orders of the Federal Power Commission, which authorized the issuance of licenses to the Company for this project.

Construction commenced late in the year on the facilities required to increase the capacity of our Topock-Milpitas gas transmission line from 400 to 550 million cubic feet of gas per day. This capacity will be obtained by paralleling the line for about 86 miles of its 502-mile length, and by the installation of additional compressor units with 19,540 horsepower capacity in three existing compressor stations.

Substantial additions are continually being made



to the transmission and distribution systems in both our Gas and Electric Departments.



1902—Electra Plant sends first hydro power to San Francisco

Customers

A total of 107,591 new customers were connected to our lines in 1952. At the year-end, we were serving 2,627,789 customers in all branches of our operations.

The gain in customers fell short of the record 134,001 connected in the previous year, owing in part to a strike of considerable duration in one of the building trades, which reduced the volume of residential and commercial construction.

Nonetheless, the year 1952 was the sixth successive year in which we have added more than 100,000 new customers. The principal contributing factor was the continued growth of population in our field of operations, due both to natural increase and to migration from other areas. On January 1, 1953, the estimated total resident population of the 46 counties served by the Company was 5,507,000, approximately 500,000 over the 1950 census figure.

Concurrently with the large growth of customers in recent years, we have experienced a change in the pattern of customer distribution. Because of an extensive program of rural electrification, an

activity in which the Company has long been in the forefront, and the increasing trend to suburban living, about 40% of our electric customers now reside outside the limits of incorporated areas, compared with 30% only ten years ago.



1905—October 10, P. G. and E. Co. incorporated in present form

Sales

Sales of electricity reached a new peak of 13,424,000,000 kilowatt-hours, an increase of 794,000,000 kilowatt-hours, or 6.3%. In addition, we transported over our facilities 520,000,000 kilowatt-hours for the account of others, compared with 381,000,000 kilowatt-hours in the preceding year.

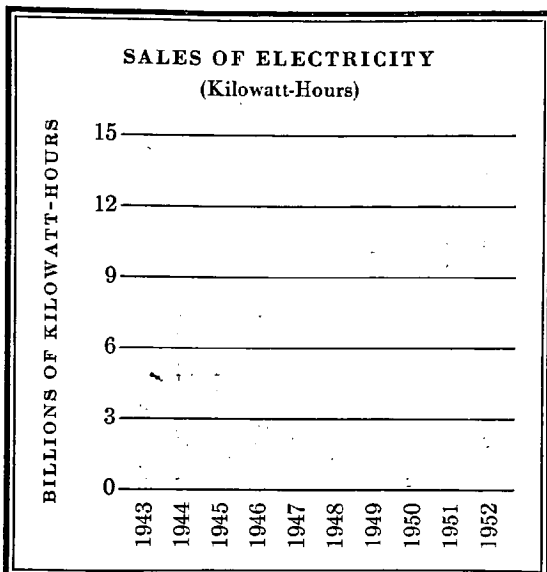
Residential or domestic sales recorded the largest gain of any of the major classifications of service, exceeding those of the preceding year by 14.4%. Average annual domestic electric consumption reached a new high of 2,240 kilowatt-hours per customer, 187 kilowatt-hours more than in the previous year. Greater saturation of television sets and of household appliances was a contributing factor to this large growth in domestic sales.

Large light and power sales showed a smaller gain than in the previous year, increasing by less than 4%, due to the effects of the steel and other strikes and to some slackening in the rate of growth in industrial and defense activities.

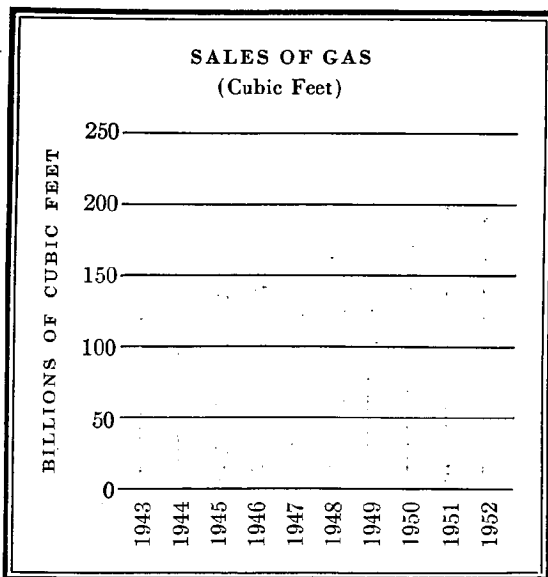
Customers—By Departments and Increase During Year

	December 31 1952	December 31 1951	Increase during 1952
Electric Department	1,459,325	1,402,675	56,650
Gas Department	1,147,924	1,097,749	50,175
Water and Irrigation Department	19,824	19,052	772
Steam Sales Department	716	722	* 6
TOTALS	2,627,789	2,520,198	107,591

*Denotes decrease



For the first time in many years agricultural power sales failed to show a gain. Although more land was under cultivation, heavy and protracted precipitation and lower average summer temperatures caused a reduction in agricultural pumping. As a consequence, agricultural power sales decreased 4.3%.



Exclusive of agricultural power sales, all other classifications of service as a group increased 8.8%, which is perhaps a better indication of the actual rate of growth experienced than the 6.3% recorded on an over-all basis.

Gas sales also reached a new peak, totaling 220,073,000,000 cubic feet for the year. The increase over the previous year was 19,558,000,000 cubic feet, or 9.8%.

The largest gain among the major classes of gas service occurred in the residential or domestic classification, which increased 9.8%. Commercial sales showed a gain of 5.7%, while industrial sales, including natural gas supplied on an interruptible basis, were substantially unchanged.

While not a major class of business, sales to other gas utilities distributing gas in areas contiguous to our field of operations increased about sixfold.



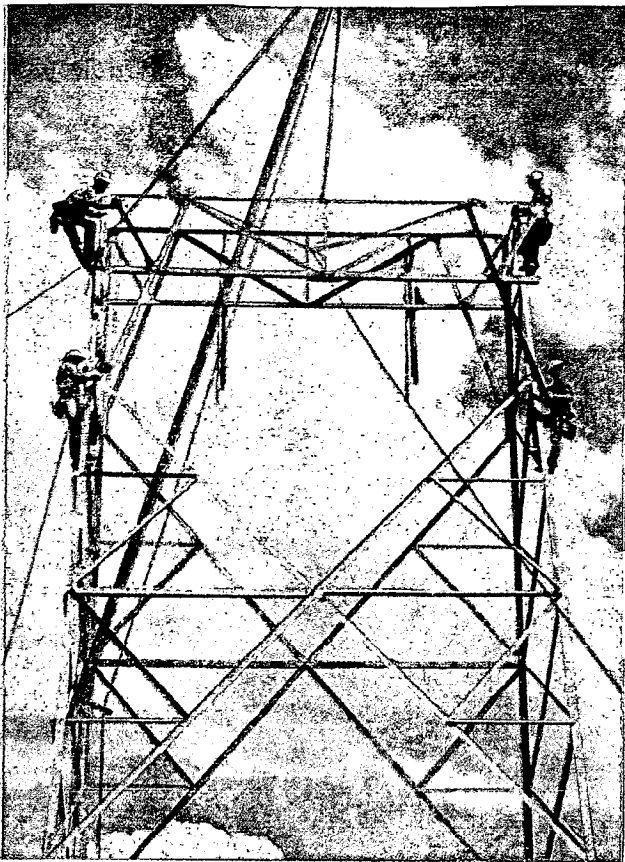
1908—Big Bend, pioneer of Great Western Power Company plants

Rate Matters

On October 15, 1952, the California Public Utilities Commission rendered its decision on our application filed in 1951 for an increase in electric rates. The Commission concluded that the Company was entitled to an increase in the over-all amount of \$32,990,000, based on estimated 1952 volume of sales, and issued its order authorizing the Company to increase its filed rate tariffs \$30,642,000 annually, the balance of \$2,348,000 to be obtained by renegotiation with special rate contract customers. The new rates became effective for service rendered on and after November 10, 1952.

In its application, as amended, the Company had requested an increase of \$45,704,000 on an annual basis. The increase authorized therefore

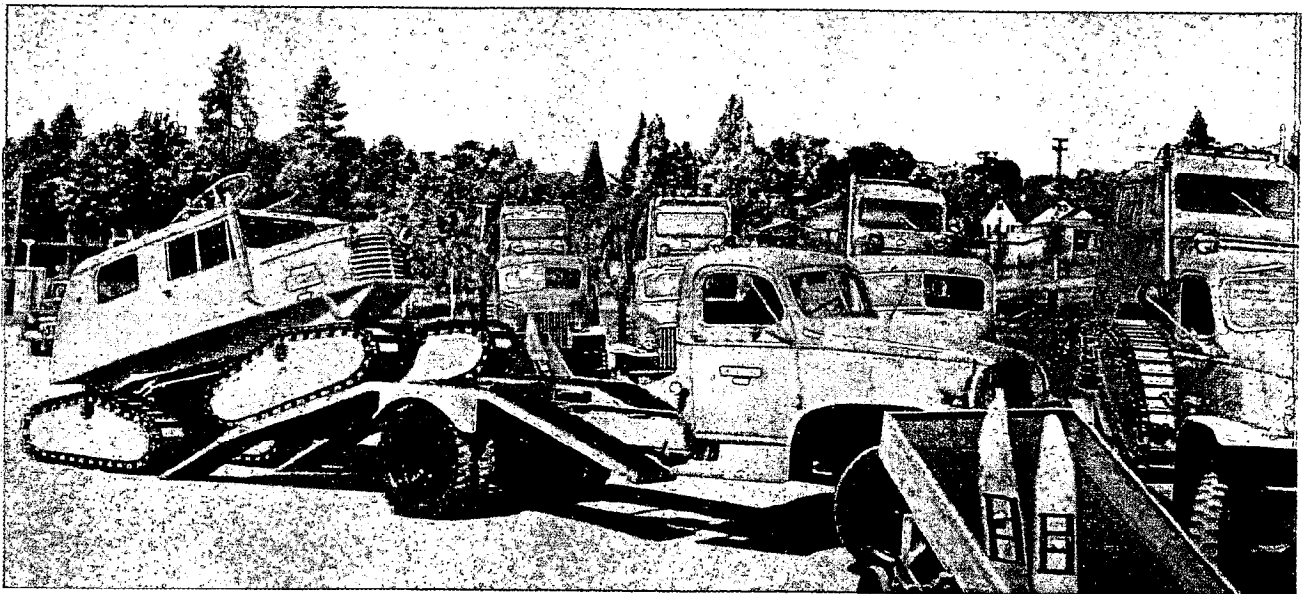




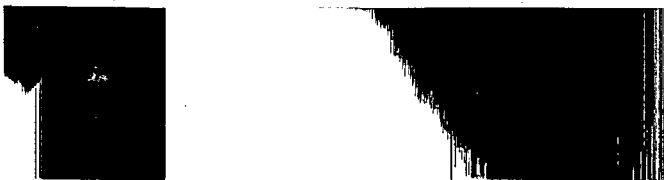
Tall steel towers carry a new 110,000-volt transmission line 115 miles from Cottonwood in Shasta County to Eureka in Humboldt County. Completed in 1952, this is the third line built to serve the area.

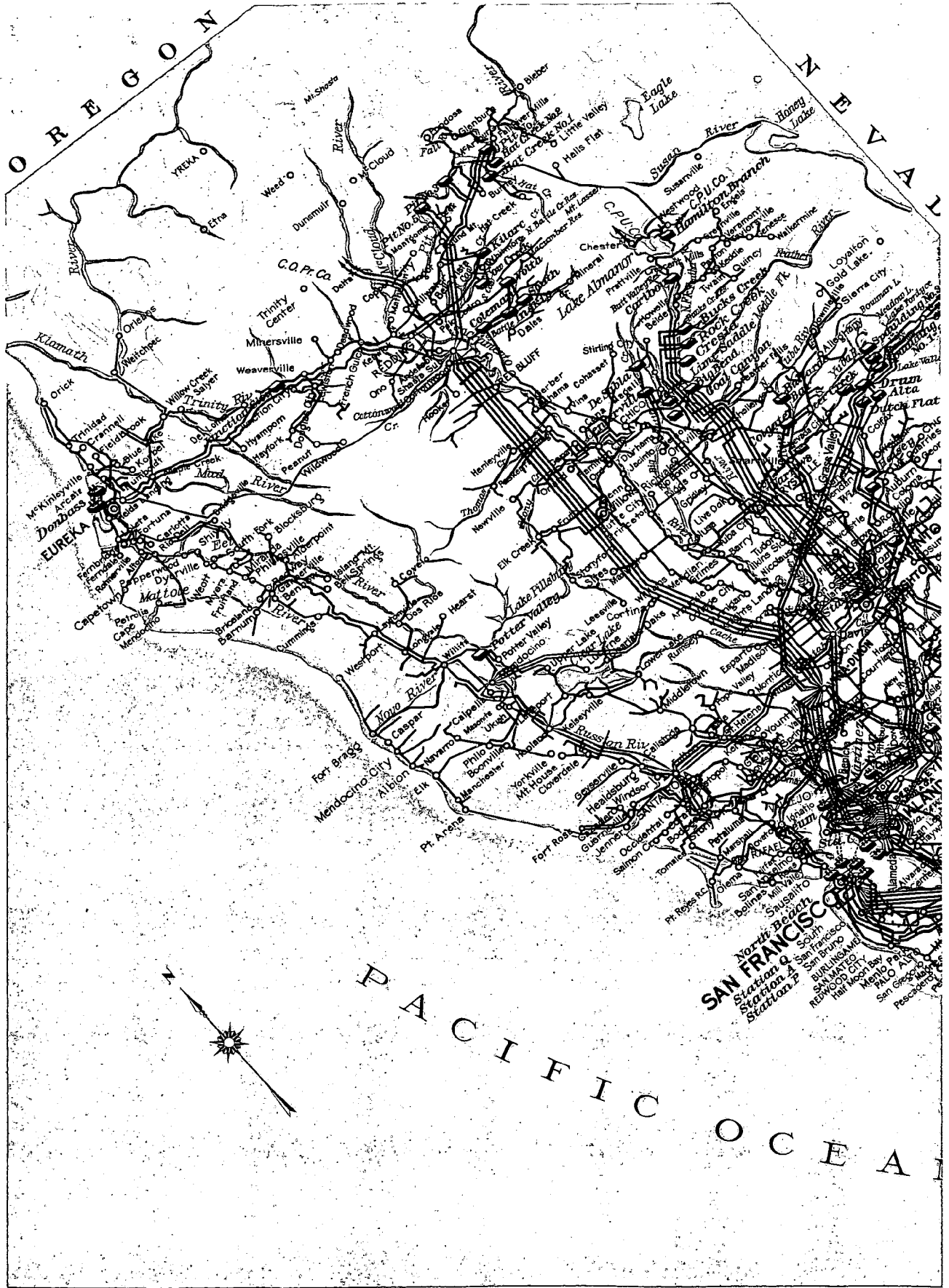


Through 4700 feet of steel penstock, water stored in the recently completed Bear River Reservoir is dropped to drive an added 29,000-kilowatt generator installed in Salt Springs Powerhouse on the Mokelumne River.



In winter-time when deep snow covers the high Sierra, Sno-cats haul maintenance crews and materials to power lines that formerly could be reached only by men on snowshoes, pulling toboggans by hand. The photograph shows some of the Company's fleet of 18 Sno-cats assembled on carriers for departure to their mountain bases.













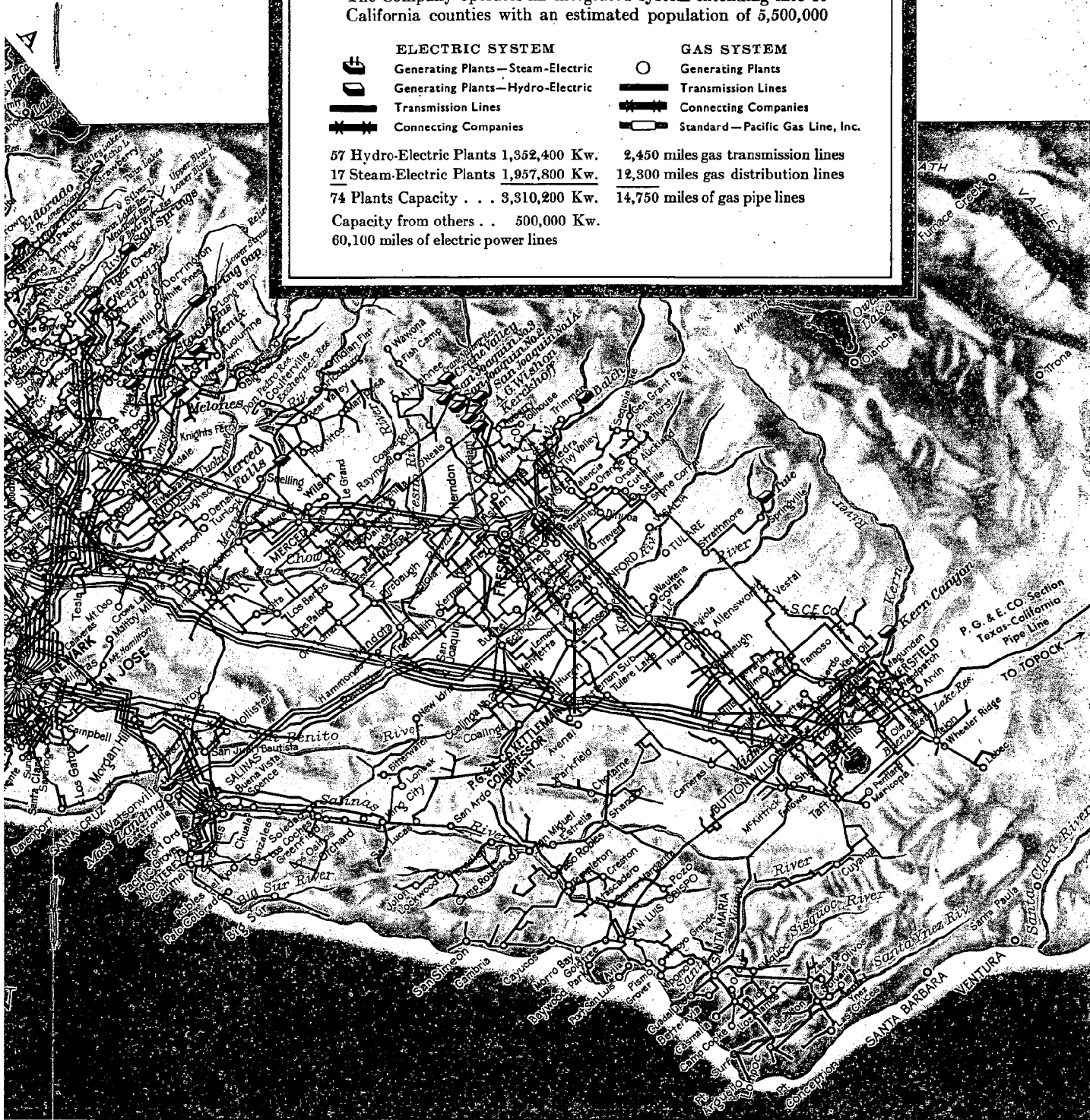
TERRITORY SERVED BY THE
PACIFIC GAS AND ELECTRIC COMPANY

DECEMBER 31, 1952

The Company operates an integrated system extending into 46 California counties with an estimated population of 5,500,000

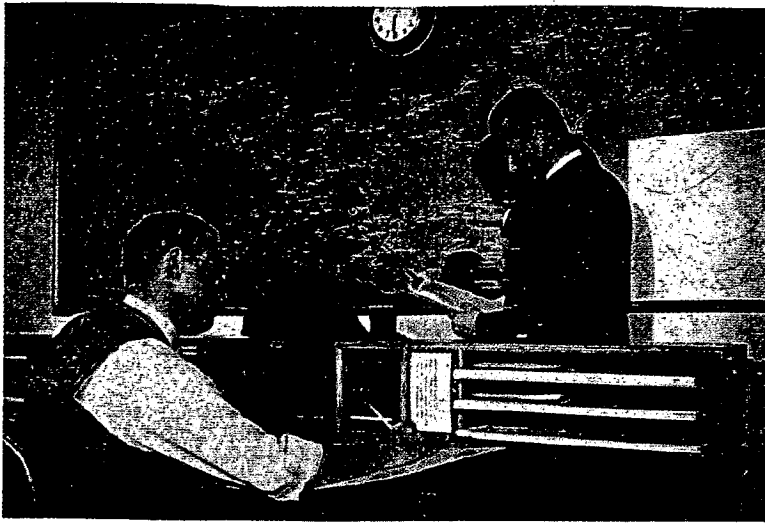
ELECTRIC SYSTEM		GAS SYSTEM	
	Generating Plants—Steam-Electric		Generating Plants
	Generating Plants—Hydro-Electric		Transmission Lines
	Transmission Lines		Connecting Companies
	Connecting Companies		Standard—Pacific Gas Line, Inc.

57 Hydro-Electric Plants 1,352,400 Kw.	2,450 miles gas transmission lines
17 Steam-Electric Plants 1,957,800 Kw.	12,300 miles gas distribution lines
74 Plants Capacity . . . 3,310,200 Kw.	14,750 miles of gas pipe lines
Capacity from others . . . 500,000 Kw.	
60,100 miles of electric power lines	



Behind the Scenes of P. G. and E. Service

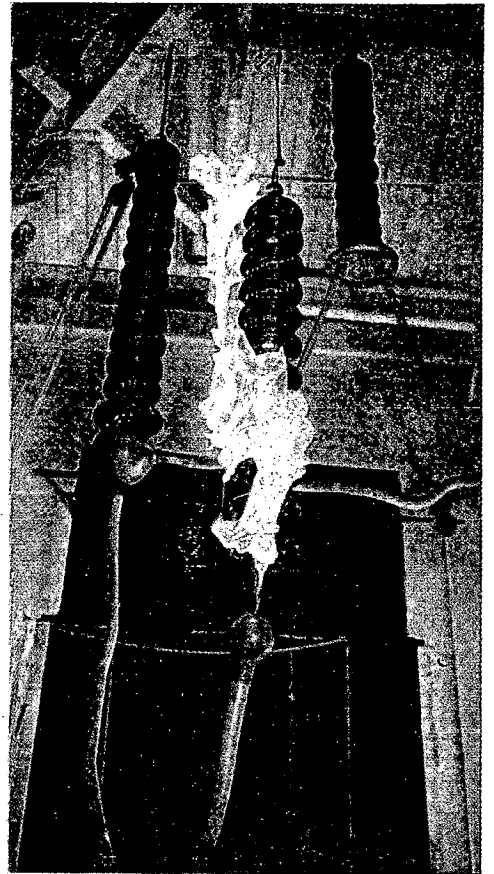
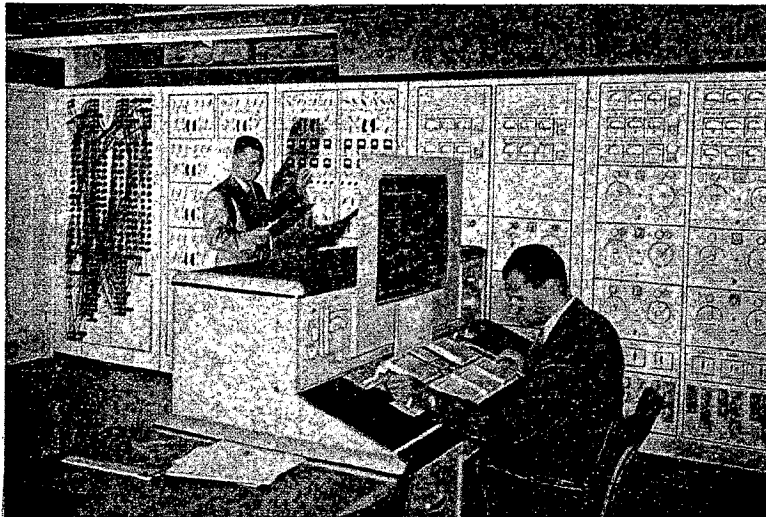
Diverse technical skills constantly are called upon for the efficient operation of the Company's system and for plant construction. Behind the scenes, hundreds of specialists are at work. On this page are shown a few of their activities. Unremitting research and planning, involving countless technical details are behind the uninterrupted delivery of adequate supplies of electricity and gas to the homes, business, agriculture and industry of Northern and Central California.



Gas system dispatchers estimate by meteorological studies tomorrow's demand for natural gas. The Weather Map charts expected temperatures.

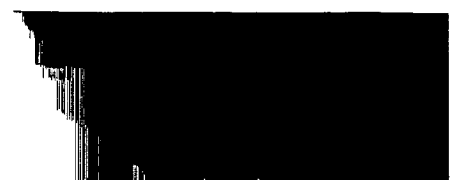


Long before construction of a new power plant can be started, the draftsmen are at work, preparing the plans in hundreds of detailed drawings.



At the Bureau of Tests and Inspection in Emeryville, insulators are tested for defects or inadequate capacity.

The Network Calculator, an electrical "guinea pig" used to solve complex problems of the electric system.

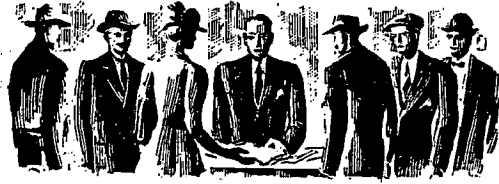


represented about 72% of the amount requested. While we believe we were entitled to an increase more in line with our request, the decision was a big step in the right direction, and in many respects quite constructive.

Under the new electric rates authorized, coupled with higher gas rates placed in effect in 1951, our customers now pay higher prices for their utility services. Public utilities enjoy no immunity from the forces of inflation, and higher rates became absolutely necessary to compensate for higher costs and increased taxes beyond the control of management.

Our customers, however, still will be able to obtain their utility services at a very reasonable cost compared with rates in effect in prior periods. For example, under the new rates for residential service in San Francisco, our customers will have a combined bill of \$8.66 for 100 kilowatt-hours of electricity and 100 therms of gas. This is about the same level charged for similar services in 1938. By contrast, the cost of living has about doubled since that time.

During the year the Company was also authorized to increase rates on several of its water properties aggregating \$150,000 on an annual basis. Other applications have been or will be filed for increases on other water properties.

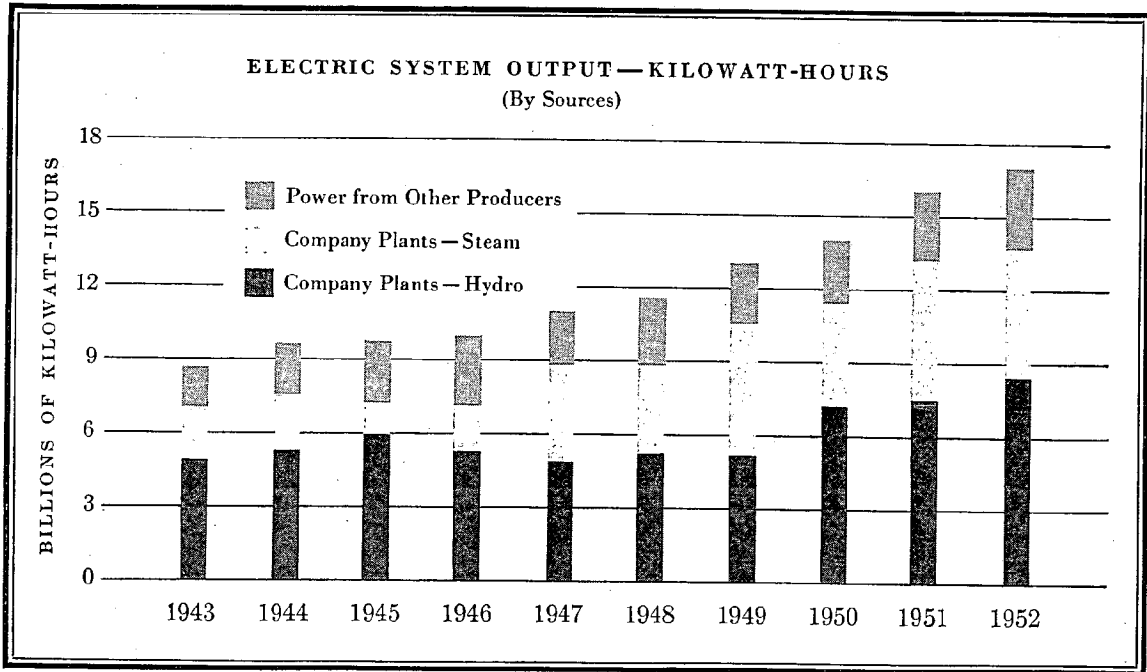


1914—P. G. and E. initiates "Customer Ownership"

Operations

Precipitation in the 1951-1952 season averaged about 147% of normal, with a very satisfactory snow-pack in the mountain regions. The runoff was orderly, resulting in a record yield from our hydro-electric plants and from the plants of others, the output of which we purchase or deliver for their account.

Gross system output of electricity in 1952 totaled



17.0 billion kilowatt-hours, of which 8.5 billion was produced in our hydro plants and 5.2 billion in our steam plants. The balance of 3.3 billion was received from other producers.

In the previous year, when our gross system output totaled 16.0 billion kilowatt-hours, the hydro yield was about normal, amounting to 7.5 billion kilowatt-hours. Thus, substantially all of our increased energy requirements in 1952 were obtained from our hydro plants. In fact, the combined increase in output from our hydro plants and from other producers exceeded our increased requirements by 0.3 billion kilowatt-hours, which permitted an equivalent reduction in the output of our steam-electric plants.

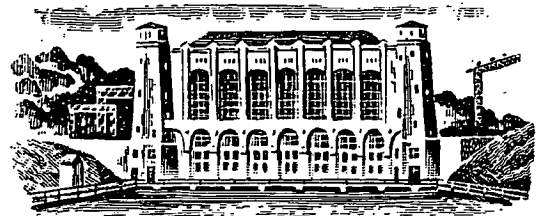
The peak demand on our facilities occurred on July 29 and amounted to 3,074,900 kilowatts, or 6.4% greater than in the previous year. A higher peak would undoubtedly have been established had it not been for the effects of the steel strike and the subnormal demand for irrigation pumping.

Two earthquakes of considerable intensity, one in July centering in the Tehachapi area and the other in August in the Bakersfield area, caused some damage to our facilities in the extreme southern portion of the system. The damage was confined principally to a small hydro plant on the Kern River, our Bakersfield office building, and to transformer installations. Little or no damage resulted to any of our major facilities in the region, including the Kern Steam Plant and natural gas transmission lines and compressor stations. The Company was commended highly for the rapidity with which its crews restored service in the areas affected.

An adequate system of communications is vital to the efficient and safe operation of our widespread and complex system. In addition to an extensive system of power line telephone channels, we now have in operation 58 central radio stations which maintain communications with 717 radio-equipped cars and trucks.

Our extensive gas transmission system, including the new Topock-Milpitas line, the largest diameter pipe line ever constructed for the high-pressure transmission of natural gas, operated satis-

factorily throughout the year. The maximum daily sendout on our gas system occurred on December 16, and amounted to 1,073 million cubic feet.



1922—Pit No. 1 sends power at 220,000 volts from Shasta to the Bay

Gas Supply

About 275 billion cubic feet of natural gas were purchased in 1952 for sale to our customers and for use in our steam-electric generating plants. In marked contrast to the situation which prevailed prior to the year 1950, when the Company's entire requirements were obtained from producers within the State, 54% of our total gas requirements in 1952 was obtained from out-of-state sources.

This latter gas came from fields in Texas and New Mexico, and was delivered to us at the California-Arizona border by the El Paso Natural Gas Company. The present contract demand from out-of-state sources is 400 million cubic feet of gas per day.

SUMMARY OF PAYROLLS AND OTHER EMPLOYEE BENEFITS, YEAR 1952

PAYROLLS:

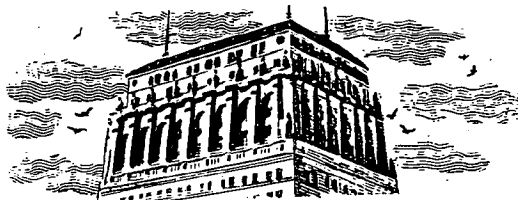
Wages and salaries of operating employees	\$46,688,000
Payroll of construction employees	37,658,000
Sub-total	<u>\$84,346,000</u>

OTHER EMPLOYEE BENEFITS PAID BY COMPANY:

Contribution to Retirement Plan	\$ 2,978,000
Other pension payments made by Trustee	775,000
State unemployment insurance tax	846,000
Federal unemployment insurance tax	172,000
Federal old-age insurance contribution	983,000
Group Life Insurance Plan payments	137,000
Contributions to employee associations	119,000
Sub-total	<u>\$ 6,010,000</u>

TOTAL PAYROLLS AND OTHER EMPLOYEE BENEFITS	<u>\$90,356,000</u>
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During the year the California Public Utilities Commission and the Federal Power Commission granted us certificates of convenience and necessity to construct capacity for an additional 150 million cubic feet of gas per day, and applications have been filed for still another block of 150 million cubic feet. The delivery of the first block will be gradually built up to its total during 1953.



1925—General Office Building erected in San Francisco, enlarged in 1948

Personnel

Because of our expanded volume of business, it was necessary to augment our personnel during 1952. At the year-end employees numbered 18,200, compared with 17,450 at the close of the preceding year.

The larger number of employees and higher wage rates in effect caused our payroll to advance to a new peak of \$84,346,000, or \$7,344,000 more than in 1951. Of this total, \$46,688,000, or 55%, represented the payroll of employees engaged in maintaining and operating our properties, and was charged against income for the year. The balance of \$37,658,000, or 45%, represented the payroll of employees engaged in construction and was charged to capital accounts.

Other employee benefits paid by the Company, including contributions made to our Retirement and Group Life Insurance Plans, totaled \$6,010,000 for the year.

Early in the year the National Labor Relations Board conducted elections to determine the employees' choice of representative in collective bargaining. The International Brotherhood of Electrical Workers (A. F. of L.) was selected by all physical employees and by clerical employees outside the Company's General Office. The San Francisco Area Group of Professional Employees was

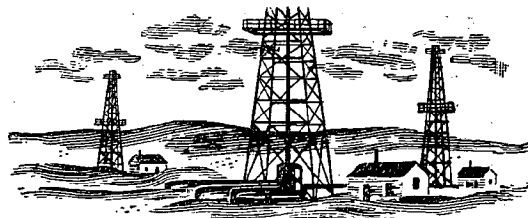
chosen by certain engineering and technical personnel.

Wage agreements were entered into with the two unions in September, providing for a general increase of 6.2%, retroactive in part to April 1. A similar adjustment was made for employees not represented by a union. Altogether, these wage and salary adjustments and associated pension costs amounted to approximately \$6,250,000 on an annual basis.

Under the provisions of the Company's Retirement Plan, which has been in effect in its present form since January 1, 1937, 174 employees were retired during the year. At the year-end, 1,656 former employees were receiving retirement incomes.

Interest in the Company's Employee Suggestion Plan continued at a high level throughout the year. About 2,000 suggestions were submitted by employees for the improvement of our operations. Nearly one-third of these were adopted, and cash awards were made therefor.

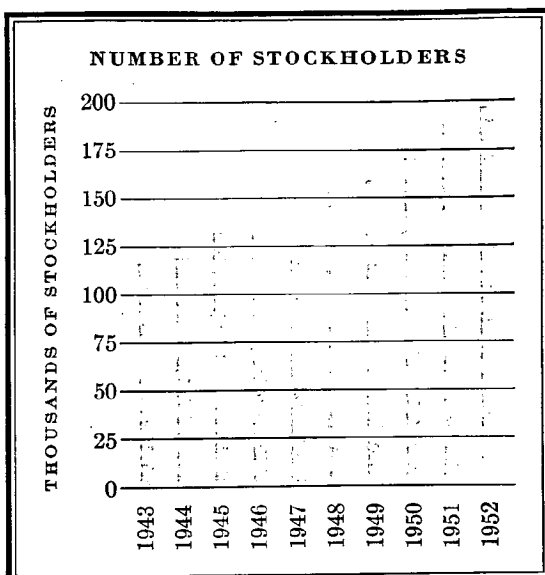
The Pacific Service Employees Association, a voluntary organization managed and operated entirely by its members, completed its thirty-sixth year of successful operation. For its 15,000 members, it conducts an extensive program of educational, social and recreational activities. In addition, the Association sponsors a comprehensive welfare program which includes a Disability Plan, a Hospitalization Plan and a Wage Benefit Plan, and operates a Credit Union for its members.



1929—Natural gas piped from Kettleman Hills to San Francisco

Stock Ownership

There was a further gain in the Company's ownership during 1952. At the close of the year the Company was owned by 198,330 stockholders of record,



an increase of 9,867 compared with the end of the previous year.

According to recently published figures, the Company is the most widely-owned electric and gas utility in the United States, and ranks eighth among all corporations of the country in number of stockholders.

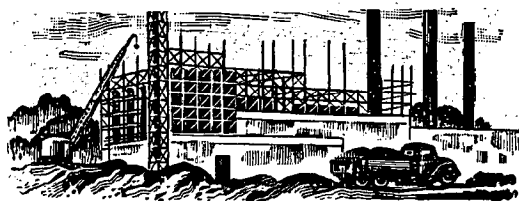
**DISTRIBUTION OF STOCK OWNERSHIP
BY CLASS OF INVESTOR—DECEMBER 31, 1952**

CLASS OF INVESTOR	Number of Stockholders	Number or Shares Owned
Women stockholders	77,773	6,110,784
Joint and other tenancies	52,072	4,229,229
Men stockholders	50,568	4,492,253
Trustees, guardians, and other fiduciaries	12,136	1,594,606
Corporations, partnerships and proprietorships	2,144	1,522,100
Charitable and fraternal organizations and foundations	913	233,156
Nominees	781	3,010,098
Banks, investment companies, and security dealers	713	1,049,856
Insurance companies	524	2,801,670
Religious institutions	408	80,165
Educational institutions	298	181,320
TOTALS	198,330	25,305,237

Our ownership is also very widely distributed geographically, with stockholders residing in every state in the Union and in some foreign countries. The greatest concentration of ownership, however, exists within the State of California. Approximately 66% of our stockholders reside in the State and hold about 50% of the outstanding stock.

In aggregate amount, the ownership interest in the Company is very large, but, as is so often characteristic in our industrial democracy, the average ownership is relatively small.

Our average ownership at the close of 1952 was 128 shares, representing \$3,200 par value of stock. These figures, however, include the relatively larger holdings of institutional investors, such as insurance companies, investment companies and pension funds, which in turn have wide ownership or beneficial interests. The average holding of individual and joint accounts was only 82 shares, or \$2,050 par value of stock.



1946-1952 — Postwar construction program, largest of any similar utility

Central Valley Power

The year 1952 was the first full calendar year of operation under the two cooperative ten-year contracts executed in 1951 with the United States Bureau of Reclamation governing the disposition of power from the Central Valley Project.

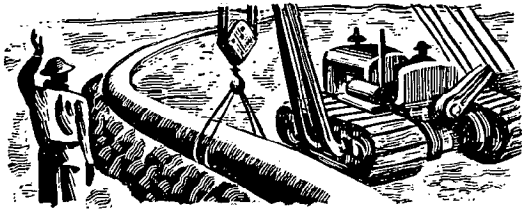
Under one of these, a so-called "wheeling contract," we accept delivery of Project power into our system and, at the Bureau's request, deliver an equivalent amount after transmission losses to Federal establishments and certain customers entitled to preference under the Reclamation law. For this service the Company is compensated at varying rates, depending upon the volume and the voltage of deliveries.

At the present time, the Company is providing

service to thirteen Federal establishments and to four preferred customers under the wheeling contract.

The second contract provides for the sale to the Company of such Project power as the Bureau does not need for its own use or for its preferred customers. This contract also provides for interchange of power so as best to meet the combined load requirements of the parties, and for sale by the Company of power to supply deficiencies which may occur in the output of Project plants to the extent required by certain Federal agencies and preferred customers.

During the year 2,382,000,000 kilowatt-hours of the Project's power were delivered to us under the purchase contract, at a considerable saving over the arrangement previously in effect.



1950—Natural gas from Texas flows to Northern California

Directors and Officers

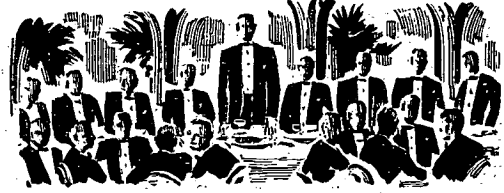
It is with deep regret and a sense of great loss that we record the death on April 23, 1952 of Mr. C. O. G. Miller, a member of the Company's Board of Directors since 1912 and of its Executive Committee since 1915.

Mr. Miller's exceptional business sagacity and wise counsel made a very substantial contribution to the Company during his forty years of association with it. His long and useful career was also marked by outstanding service to the business, civic and cultural life of the community.

On May 14, 1952, Mr. W. W. Crocker, a director since 1937, was elected a member of the Executive

Committee, and Mr. N. R. Sutherland, Vice-President and General Manager of the Company, was elected a member of the Board of Directors, succeeding to the vacancies caused by the death of Mr. Miller.

There have been no changes in the officers of the Company since January 1, 1952.



1952—Company celebrates its centennial of public service

Annual Meeting

This annual report for the forty-seventh year of the Company's corporate existence, and for its one hundredth year of operations, dating from the organization of the San Francisco Gas Company on August 31, 1852, our earliest predecessor utility company, will be submitted at the annual meeting of stockholders to be held at the office of the Company, 245 Market Street, San Francisco, California, on Tuesday, April 14, 1953.

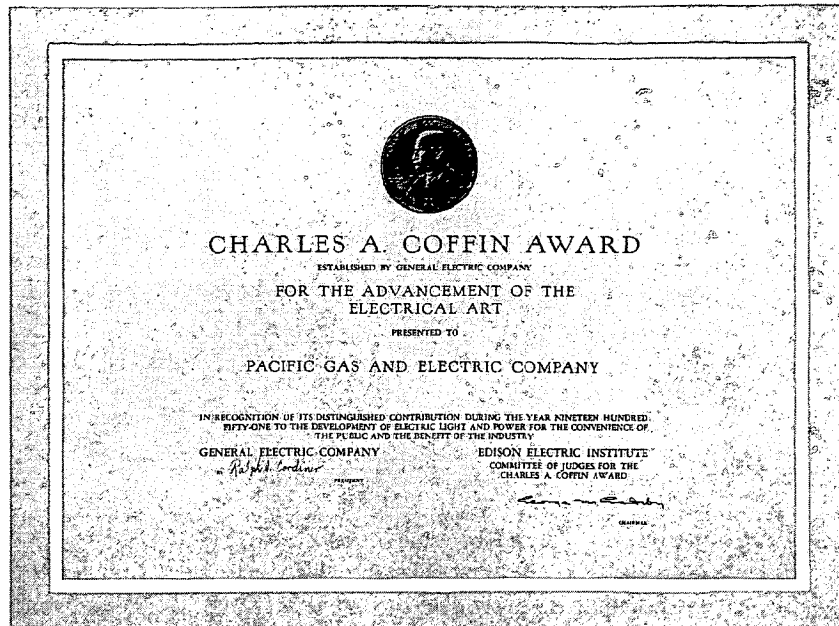
* * *

In closing this report, I wish on behalf of the Board of Directors to express appreciation to all employees whose outstanding performance contributed so much to the year's progress. Throughout our one hundred year history, the high quality of our personnel has always been one of our greatest assets.

For the Board of Directors,

W. W. Crocker
President.

The management will solicit proxies for the annual meeting. In connection with such solicitation, it is expected that the proxy statement and a form of proxy will be mailed to stockholders on or about March 6, 1953.



A Fitting Climax to a Century of Progress

The 1951 Charles A. Coffin Award, most highly prized honor of the electric utility industry, was conferred upon the Company in June 1952, at the Edison Electric Institute Convention in Cleveland.

The Award was granted "For distinguished contribution to the development of electric light and power for the convenience of the public and the benefit of the industry"; and specifically, "For

successfully and adequately meeting the electric needs of one of the Nation's most rapidly expanding regions with a privately financed construction program which is the largest ever undertaken in the utility industry; and at the same time resolving its problems of government competition with a program of cooperation which is in the best interest of customers, the public and the taxpayers."



HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

ALEXANDER BUILDING

155 MONTGOMERY STREET
SAN FRANCISCO 4

ACCOUNTANTS' CERTIFICATE

The Board of Directors of
Pacific Gas and Electric Company:

We have examined the balance sheet of Pacific Gas and Electric Company as of December 31, 1952 and the related statements of net income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Previously we made a similar examination for the preceding year.

In our opinion, the accompanying balance sheet and statements of net income and surplus, with their footnotes, present fairly the financial position of the Company at December 31, 1952 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles. Effective January 1, 1952 the Company, with our approval, changed its depreciation rates as explained in Note 6 to the financial statements; with this exception the financial statements have been prepared on a basis consistent with that of the preceding year.

Haskins & Sells

February 20, 1953.

PACIFIC GAS AND ELECTRIC COMPANY

Statement of Net Income for the Years Ended December 31, 1952 and 1951

	<i>Year Ended December 31</i>	
	<i>1952</i>	<i>1951</i>
GROSS OPERATING REVENUES:		
Electric department	\$205,643,601	\$189,364,571
Gas department	106,780,977	88,633,890
Other	1,560,705	1,500,269
Total	<u>\$313,985,283</u>	<u>\$279,498,730</u>
OPERATING EXPENSES:		
Maintenance and repairs	\$ 16,786,822	\$ 13,674,312
Production expenses:		
Power purchased	10,166,451	10,974,876
Natural gas purchased	54,957,038	50,237,772
Oil and other fuel	8,496,982	10,877,279
Other	8,083,882	7,687,603
Transmission expenses	3,777,557	3,006,936
Distribution expenses	16,500,187	14,654,200
Customers' accounting and collecting expenses	12,263,416	11,027,834
Sales promotion expenses	2,485,572	2,368,009
Provision for depreciation and amortization (Notes 2 and 6)	32,699,648	31,609,982
Taxes:		
Provision for Federal income tax (Note 7)	38,947,926	25,363,884
Other taxes	34,376,179	35,133,583
Administrative and general expenses	7,327,126	6,335,858
Provision for doubtful accounts	420,000	360,000
Provision for insurance and casualties	1,549,070	1,080,000
Pension plan expenses	1,836,231	2,365,684
Total	<u>\$250,674,087</u>	<u>\$226,757,812</u>
NET OPERATING REVENUES	<u>\$ 63,311,196</u>	<u>\$ 52,740,918</u>
MISCELLANEOUS INCOME:		
Dividends	\$ 17,100	\$ 47,025
Interest	444,109	383,243
Other (net)	*32,564	*65,725
Total	<u>\$ 428,645</u>	<u>\$ 364,543</u>
Total	<u>\$ 63,739,841</u>	<u>\$ 53,105,461</u>
INCOME DEDUCTIONS:		
Interest on funded debt	\$ 19,403,499	\$ 18,021,512
Amortization of net bond discount and expense	386,918	412,319
Miscellaneous interest	144,840	54,919
Interest charged to construction	*3,764,151	*3,408,312
Miscellaneous	508,485	548,778
Total	<u>\$ 16,739,591</u>	<u>\$ 16,229,216</u>
NET INCOME	<u>\$ 47,000,250</u>	<u>\$ 36,876,245</u>

*Denotes red figure.

The accompanying Notes to Financial Statements are an integral part of this statement.

PACIFIC GAS AND ELECTRIC COMPANY

Statement of Surplus for the Years Ended December 31, 1952 and 1951

	<i>Year Ended December 31</i>	
	<i>1952</i>	<i>1951</i>
EARNED SURPLUS:		
Balance at beginning of year	\$ 48,603,899	\$ 47,202,061
Net income, from statement of net income	47,000,250	36,876,245
Miscellaneous additions to earned surplus—net.	40,122	1,363
Total	<u>\$ 95,644,271</u>	<u>\$ 84,079,669</u>
Deductions from earned surplus:		
Purchase premium on bonds reacquired, plus related unamortized net discount and expense	\$ 99,076	\$ 89,930
Dividends on capital stocks held by public—Cash:		
First preferred—6% cumulative	\$ 6,317,592	\$ 6,317,593
First preferred—5½% cumulative	1,613,222	1,613,225
First preferred—5% cumulative (Note 5)	5,799,338	3,651,964
First preferred—4.80% cumulative	1,800,000	1,800,000
Common	24,984,140	22,003,058
Total	<u>\$ 40,514,292</u>	<u>\$ 35,385,840</u>
Total deductions from earned surplus	<u>\$ 40,613,368</u>	<u>\$ 35,475,770</u>
Balance at end of year	\$ 55,030,903	\$ 48,603,899
CAPITAL SURPLUS—Balance at beginning and end of year	<u>627,217</u>	<u>627,217</u>
TOTAL SURPLUS	<u>\$ 55,658,120</u>	<u>\$ 49,231,116</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PACIFIC GAS AND ELECTRIC COMPANY

Balance Sheet, December 31, 1952 and 1951

	ASSETS	
	1952	December 31 1951
UTILITY PLANT (Note 2):		
Tangible plant	\$1,673,098,917	\$1,525,759,519
Intangible plant	1,152,993	1,149,043
Plant acquisition adjustments	15,530,949	15,530,949
Total utility plant	\$1,689,782,859	\$1,542,439,511
Less reserves for depreciation and amortization (Note 6)	326,246,940	301,325,813
Utility plant—net	\$1,363,535,919	\$1,241,113,698
INVESTMENTS—At cost (Note 3):		
Capital stock of subsidiaries (Note 1)	\$ 2,326,386	\$ 2,326,386
Other security investments:		
Standard Pacific Gas Line Incorporated (less reserve for amortization: 1952, \$3,797,021; 1951, \$3,636,679)	1,346,979	1,384,821
Other	5,910	5,910
Investment in other physical property	5,300,067	5,251,115
Total investments	\$ 8,979,342	\$ 8,968,232
SINKING FUNDS AND SPECIAL DEPOSITS	\$ 167,575	\$ 113,729
CURRENT ASSETS:		
Cash on hand, demand deposits, and time deposits	\$ 28,275,244	\$ 15,416,578
Temporary cash investments (United States Government securities)—at cost	7,969,629	3,000,000
Miscellaneous special deposits	233,324	283,425
Accounts receivable (less reserve for doubtful accounts: 1952, \$1,322,476; 1951, \$1,437,068)	28,925,916	23,417,187
Materials and supplies (for operations and construction)—at average cost	17,601,724	19,530,029
Total current assets	\$ 83,005,837	\$ 61,647,219
DEFERRED CHARGES:		
Unamortized bond discount and expense (Note 4)	\$ 10,604,743	\$ 11,065,473
Other	2,797,153	2,779,900
Total deferred charges	\$ 13,401,896	\$ 13,845,373
TOTAL	\$1,469,090,569	\$1,325,688,251

The accompanying Notes to Financial Statements are an integral part of this statement.

PACIFIC GAS AND ELECTRIC COMPANY

Balance Sheet, December 31, 1952 and 1951

	December 31	
	1952	1951
LIABILITIES		
CAPITAL STOCK (Schedule 1) (Note 5):		
First preferred	\$ 291,937,975	\$ 284,270,975
Common	340,694,950	283,912,450
Excess of premiums received over discount and expense on outstanding shares	27,094,966	17,164,253
Instalments received on preferred stock purchase agreements	1,438,228	—
Total capital stock	<u>\$ 661,166,119</u>	<u>\$ 585,347,678</u>
MORTGAGE BONDS (Schedule 2) (Note 4):		
Issued	\$ 658,464,000	\$ 617,420,000
Less in treasury	2,253,000	2,446,000
Mortgage bonds held by public	<u>\$ 656,211,000</u>	<u>\$ 614,974,000</u>
Less estimated additional sinking-fund requirements for year (and current maturities of \$7,667,000 in 1951) shown among current liabilities	4,332,000	11,319,000
Remainder—Mortgage bonds (less sinking-fund requirements and current maturities)	<u>\$ 651,879,000</u>	<u>\$ 603,655,000</u>
DUE TO SUBSIDIARY COMPANIES	<u>\$ 296,997</u>	<u>\$ 118,271</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 15,145,531	\$ 13,082,202
Drafts outstanding	1,188,459	1,507,329
Dividends payable	6,813,968	5,678,315
Estimated additional sinking-fund requirements for year (and 1951 current maturities) (Note 4)	4,332,000	11,319,000
Matured mortgage bonds unpaid	99,325	42,875
Bond interest due	180,429	141,811
Accrued bond interest—not due	1,644,010	1,659,076
Customers' meter and line deposits	3,698,764	3,292,215
Accrued taxes for current and prior years (Note 7)	59,848,852	44,342,578
Total current liabilities	<u>\$ 92,951,338</u>	<u>\$ 81,065,401</u>
DEFERRED CREDITS:		
Unamortized premium on bonds (Note 4)	\$ 1,674,454	\$ 1,325,097
Other	153,218	208,359
Total deferred credits	<u>\$ 1,827,672</u>	<u>\$ 1,533,456</u>
RESERVES FOR INSURANCE AND CASUALTIES	<u>\$ 899,860</u>	<u>\$ 920,872</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>\$ 4,411,463</u>	<u>\$ 3,816,457</u>
SURPLUS:		
Earned surplus	\$ 55,030,903	\$ 48,603,899
Capital surplus	627,217	627,217
Total surplus	<u>\$ 55,658,120</u>	<u>\$ 49,231,116</u>
TOTAL	<u><u>\$1,469,090,569</u></u>	<u><u>\$1,325,688,251</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PACIFIC GAS AND ELECTRIC COMPANY

Capital Stock, December 31, 1952

[SCHEDULE 1]	Description	Shares Authorized	Issued and Outstanding —Held by Public	
			Shares	Amount
FIRST PREFERRED, CUMULATIVE, PAR VALUE \$25 PER SHARE:				
	6%	4,211,662	4,211,662	\$105,291,550
	5½%	1,173,163	1,173,163	29,329,075
	5%	400,000	400,000	10,000,000
	5% redeemable	2,806,680	2,806,680	70,167,000
	5% redeemable—Series A	1,750,000	1,586,014	39,650,350
	4.80% redeemable	1,500,000	1,500,000	37,500,000
	Redeemable (unclassified in series)	8,158,495	—	—
	TOTAL	20,000,000	11,677,519	\$291,937,975
	COMMON, PAR VALUE \$25 PER SHARE	20,000,000	13,627,798	340,694,950
	TOTAL	40,000,000	25,305,317	\$632,632,925
	EXCESS OF PREMIUMS RECEIVED OVER DISCOUNT AND EXPENSE ON OUTSTANDING SHARES			27,094,966
	INSTALMENTS RECEIVED ON PREFERRED STOCK PURCHASE AGREEMENTS			1,438,228
	TOTAL			\$661,166,119

Mortgage Bonds, December 31, 1952

[SCHEDULE 2]	Title of Issue	Interest Rate %	Maturity	Amount Outstanding —Held by Public	Amount Held in Treasury
FIRST AND REFUNDING MORTGAGE (See Note):					
	Series I	3½	June 1, 1966	\$ 927,000	—
	Series J	3	Dec. 1, 1970	18,669,000	—
	Series K	3	June 1, 1971	23,839,000	—
	Series L	3	June 1, 1974	109,548,000	—
	Series M	3	Dec. 1, 1979	77,975,000	—
	Series N	3	Dec. 1, 1977	48,182,000	—
	Series O	3	Dec. 1, 1975	10,800,000	\$ 200,000
	Series P	2¾	June 1, 1981	24,088,000	—
	Series Q	2¾	Dec. 1, 1980	67,434,000	—
	Series R	3⅞	June 1, 1982	70,275,000	100,000
	Series S	3	June 1, 1983	75,849,000	803,000
	Series T	2⅞	June 1, 1976	77,475,000	—
	Series U	3⅞	Dec. 1, 1985	51,150,000	1,150,000
	TOTAL			\$656,211,000	\$2,253,000
CLASSIFICATION IN BALANCE SHEET OF MORTGAGE BONDS:					
	SHOWN UNDER CURRENT LIABILITIES—Estimated additional sinking-fund requirements (see Note 4 to the financial statements)			\$ 4,332,000	—
	SHOWN AS MORTGAGE BONDS			651,879,000	—
	TOTAL			\$656,211,000	—

NOTE: Additional amounts may be issued under the terms of the indentures relating to these bonds.

PACIFIC GAS AND ELECTRIC COMPANY

Notes to Financial Statements, December 31, 1952

NOTE 1—FINANCIAL STATEMENTS; SUBSIDIARY COMPANIES:

In this report the financial statements presented relate to the Company only, by reason of the fact that the net assets and earnings of the subsidiaries are relatively insignificant. As of December 31, 1952 and 1951 the Company's investment in subsidiaries (\$2,326,386 at each date) exceeded its equities in the net assets of the subsidiaries by \$208,527 and \$301,703, respectively, and the Company's equities in the undistributed earnings of the subsidiaries for the years 1952 and 1951 were \$103,309 and \$72,966, respectively.

NOTE 2—UTILITY PLANT:

The Company is subject to regulation by the Public Utilities Commission of the State of California and consequently its property, plant, and equipment accounts are required to be stated in accordance with that Commission's uniform systems of accounts prescribed for electrical corporations and for gas corporations, which became effective on January 1, 1938 and 1949, respectively; such systems of accounts are substantially the same as those prescribed by the Federal Power Commission, which also has certain regulatory powers with respect to the Company. It is a common requirement of all these uniform systems of accounts that utility plant be reclassified to show the "original cost" (defined as cost to the person first devoting the property to public service) as of the effective dates of the respective classifications together with plant subsequently acquired, as well as cost to the Company, the difference to be recorded in segregated utility plant accounts and disposed of as the Commissions may approve or direct.

At December 31, 1952 and 1951, the major portion of the Company's utility plant consisted of plant constructed by the Company as to which the "original cost" recorded in the accounts is the same as cost to the Company (such cost includes interest and taxes during construction, direct engineering and supervision expenses, and proportions of administrative and general expenses determined by the Company to be applicable to construction). The remainder of its utility plant consisted

of acquisitions of operating units or systems which are recorded in the accounts at "original cost" except an amount of \$15,530,949 charged to utility plant acquisition adjustments which is being amortized out of earnings over the fifteen-year period commenced January 1, 1950.

NOTE 3—SECURITIES PLEDGED:

The capital stocks of subsidiaries and of Standard Pacific Gas Line Incorporated are on deposit and pledged with the California trustee of the first and refunding mortgage.

NOTE 4—MORTGAGE BONDS AND RELATED SINKING FUNDS, DISCOUNT AND EXPENSE, AND PREMIUMS:

Under the terms of the first and refunding mortgage, the Company is required to make semi-annual sinking-fund payments based upon the aggregate bonded indebtedness outstanding; such sinking-fund payments during the year 1953 will amount to approximately \$6,585,000 as to bonded indebtedness outstanding at December 31, 1952, subject to reduction, in effect, by such amounts as may be received through sales to the sinking-fund Trustee of the treasury bonds held by the Company at December 31, 1952 in the principal amount of \$2,253,000. The net of these amounts, \$4,332,000, is shown among the current liabilities in the accompanying balance sheet as of December 31, 1952.

In general, bond discount and expense, redemption premiums on refunded issues, and sale premiums are being written off over the lives of the various issues to which they pertain, or refunding issues, and such items applicable to bonds reacquired other than through refunding operations are cleared to earned surplus at time of reacquisition.

NOTE 5—CAPITAL STOCK:

During January 1952 the Company adopted an employees' stock purchase plan under the terms of which it offered 163,986 shares of its \$25.00 par value 5% redeemable first preferred stock, Series A, to employees

at \$24.50 a share. Under the provisions of the plan, the stock will be issued in 1954.

At December 31, 1952 the Company had outstanding 4,392,694 shares of 5% redeemable first preferred stock, and 1,500,000 shares of 4.80% redeemable first preferred stock. Such shares may be redeemed in whole or in part at the Company's option at any time upon payment of the redemption price plus accumulated and unpaid dividends to the date fixed for redemption.

The dividends on preferred stock shown in the statement of surplus represent dividends for twelve months on all outstanding preferred shares for the years 1952 and 1951 except on the 306,680 shares of 5% redeemable stock issued in May 1952, 86,014 shares of 5% redeemable stock, Series A, issued in August 1951, and on the 1,500,000 shares of 5% redeemable stock issued in November 1951. Regular quarterly dividends declared in the respective years were from the dates of issuance to October 31; accordingly, for purposes of comparison with other years, dividends for two months in each case, \$63,892 in 1952 and \$330,420 in 1951 should be added.

**NOTE 6—RESERVES FOR DEPRECIATION
AND AMORTIZATION AND
RELATED PROVISIONS:**

The principal accruals to the reserves are computed on the sinking-fund method. Effective January 1, 1952 the Company changed the rate of interest on its depreciation reserve balance from 5% to 4% and made such changes in the annuity accrual as were deemed appropriate; these changes were made pursuant to a decision of the Public Utilities Commission of the State of California as to electric capital and approved by that Commission as to all other capital. As a result of these changes, provision for depreciation for the year 1952 was less by approximately \$2,300,000 than it would have been under the interest rates and annuities previously prevailing; this reduction was offset by a corresponding adjustment in the electric rate increase recently authorized by the Commission. In the opinion of the Com-

pany's engineers the revised interest and annuity accruals are adequate to amortize the remaining cost of depreciable assets now in service over their estimated service lives.

NOTE 7—FEDERAL INCOME TAX:

The Company has provided in its accounts for the known additional income tax and related interest which results from a reduction by the Treasury Department in allowable depreciation for 1946 and subsequent years. In addition to the foregoing, the Engineering and Valuation Section of the Bureau is considering a further reduction in allowable depreciation. The Company has an agreement with the Public Utilities Commission to the effect that any additional income taxes arising because of further depreciation adjustments may be amortized over a subsequent five-year period; pursuant to this arrangement, the Company has made provision in its accounts for the year 1952 for estimated additional tax in the amount of \$558,000 which provision was recognized in the recent electric rate increase.

**NOTE 8—COMMITMENTS AND
CONTINGENT LIABILITIES:**

At December 31, 1952 the Company had firm commitments in the aggregate amount of about \$107,000,000 for purchases of equipment, etc., in connection with its plant construction program.

The Company closes its accounts promptly as of the end of each month, with the result that there are always overlapping items of expense from month to month and year to year; at December 31, 1952 and 1951 the unrecorded liabilities and accruals for expenses were more than offset by the unrecorded and unbilled revenues accrued at those dates.

Except as to matters involved in litigation which is considered routine to the Company's operations and certain indemnities given in the normal course of business, there are no known contingent liabilities not provided for by reserves or insurance.

Departmental Organization

DEPARTMENT OF ELECTRIC OPERATION

G. H. Hagar, *Manager of Electric Operation*
General Superintendents: I. W. Collins, *Power Control*;
V. F. Estcourt, *Steam Generation*; J. N. Spaulding,
Water Systems; E. A. Crellin, *Hydro Generation*; H. T.
Sutcliffe, *Substations*; G. A. Peers, *Transmission and*
Distribution; R. H. Miller, *Communications*.
Protection Engineer: A. Scott

DEPARTMENT OF GAS OPERATION

R. S. Fuller, *Manager of Gas Operation*
F. F. Doyle, *Director of Gas Supply and Control*
General Superintendents: P. E. Beckman, *Technical*
Services; M. A. Richford, *Production and Utilization*;
R. D. Smith, *Transmission and Distribution*

DEPARTMENT OF GENERAL CONSTRUCTION

A. J. Swank, *Manager of General Construction*
H. W. Haberkorn, *Engineer of Hydro-Electric*
Construction
Charles H. Sedam, *Engineer of Station Construction*
H. D. Wright, *Engineer of Line Construction*
J. A. Love, *Engineer of Gas Construction*
R. B. Thompson, *Accountant*

DEPARTMENT OF EXECUTIVE ENGINEER

Stanley B. Barton, *Manager Valuation Department*
Rudolph Jenny, *Manager Rate Department*
B. K. Dunshee, *Manager Land Department*

ACCOUNTING AND TAX DEPARTMENTS

L. W. Coughlan, *General Auditor*
Harry McGann, *Auditor of Division Accounts*
D. J. Beaudet, *Auditor of Plant Accounts*
Francis J. Carr, *Manager Tax Department*

DEPARTMENT OF ENGINEERING

C. C. Wheelchel, *Chief of Division of Steam Engineering*
E. V. Noe, *Chief of Bureau of Specifications and Estimates*
W. N. Lindblad, *Chief of Bureau of Tests and Inspections*
H. V. Lutge, *Civil Engineer*
W. R. Johnson, *Electric Generation and Transmission*
Engineer
C. E. Baugh, *Electric Distribution Engineer*

SALES AND COMMERCIAL DEPARTMENT

J. F. Pollard, *Manager Commercial Department*
J. H. Gumz, *Manager Commercial and Industrial Sales*
E. G. Stahl, *Manager Agricultural Sales*
J. S. C. Ross, *Manager Domestic Sales*

LAW DEPARTMENT

R. W. DuVal, *Rate Attorney*

CREDIT AND COLLECTION DEPARTMENT

F. U. Naylor, *Manager*

PERSONNEL DEPARTMENT

H. F. Carr, *Manager*

AUTOMOTIVE DEPARTMENT

S. B. Shaw, *Automotive Engineer*

PURCHASES AND STORES DEPARTMENT

F. E. Baxter, *Manager*

ADVERTISING AND PUBLICITY DEPARTMENT

Robert R. Gros, *Manager*

CLAIMS AND SAFETY DEPARTMENT

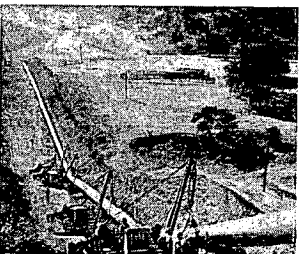
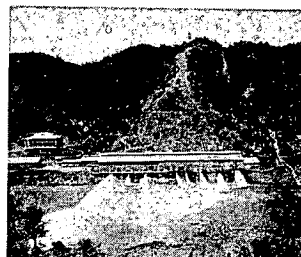
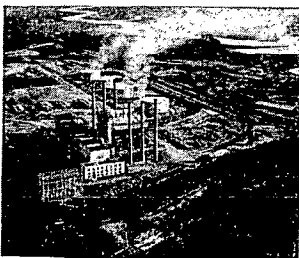
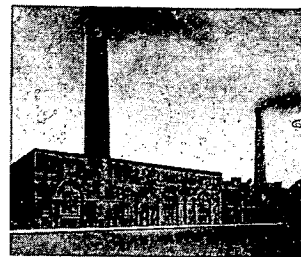
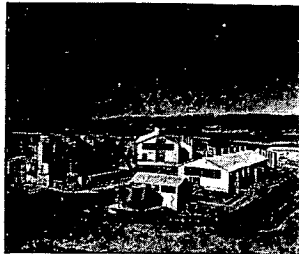
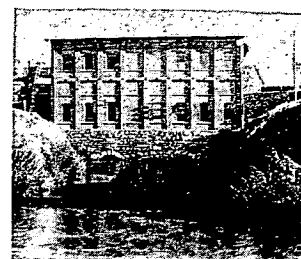
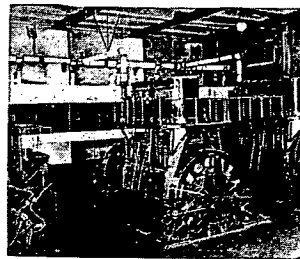
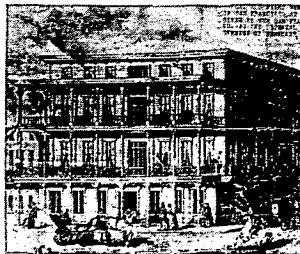
R. W. White, *Manager*

Division Managers

COAST VALLEYS: T. E. Ward, Salinas
COLGATE: W. R. Bowler, Marysville
DE SABLE: George L. Works, Chico
DRUM: R. A. Cayot, Auburn
EAST BAY: W. H. Park, Oakland
HUMBOLDT: D. F. Villa, Eureka

NORTH BAY: A. D. Church, San Rafael
SACRAMENTO: L. J. Brundige, Sacramento
SAN FRANCISCO: Grover S. Tracy, San Francisco
SAN JOAQUIN: H. H. Courtright, Fresno
SAN JOSE: T. W. Snell, San Jose
SHASTA: T. B. Copeland, Red Bluff

STOCKTON: C. V. Wilbur, Stockton



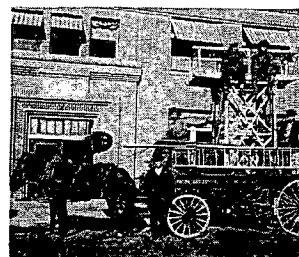
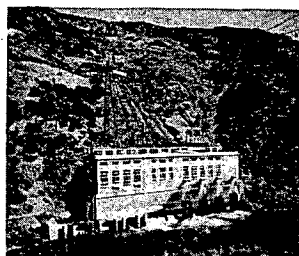
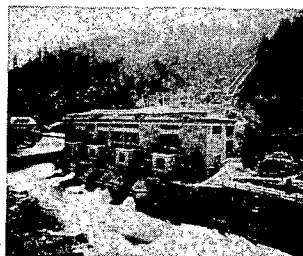
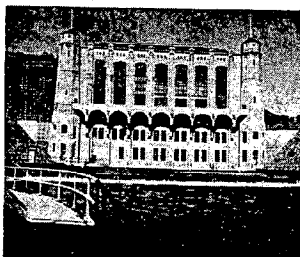
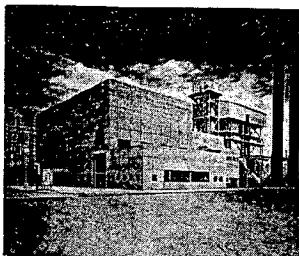
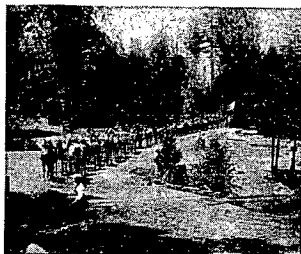
P. G. and E. of California

*The Centennial Story of
Pacific Gas and Electric Company*

In celebration of its one hundredth anniversary, the Company published in September, 1952, a comprehensive history of its origin and development, written by Charles M. Coleman. The work involved two and one-half years of research and writing.

Beginning with the first small gas plant in San Francisco in 1852, the author has traced in a series of dramatic sequences, the evolution of the many early gas and electric companies into the unified system of today.

In many respects "P. G. and E. of California" is the story of the growth and advancement of Northern California. Emphasis is laid upon the contribution of the gas and electric utilities to the economic progress and welfare of the communities they serve. An underlying theme is the great accomplishment through initiative and enterprise, of the utility builders operating solely with private capital.



A Century of Public Service (Continued from inside front cover)

De Sabla and Martin increased their activities. They formed the California Central Gas and Electric Company (1901), which obtained control of numerous small gas and electric companies in the Sacramento Valley. In 1903 they organized the California Gas and Electric Corporation, a holding company which acquired control of Prince Poniatowski's Standard Electric Company, the Oakland Gas Light and Heat Company and the gas properties of Fresno Gas and Electric Light Company.

There were other important hydroelectric developments. California was growing and the gas and electric utilities were aiding economic advancement with ever-improving service of light, heat and power. In the southern San Joaquin Valley, W. G. Kerckhoff and A. C. Balch of Los Angeles with A. G. Wishon as general manager, incorporated the San Joaquin Power Company (1902), took over a bankrupt electric company in Fresno and laid the foundations of what later became the San Joaquin Light and Power Corporation system.

Promotion of agriculture through service of electric power for irrigation pumping and other farm uses became a major activity of the new company. Electric pumping had first been successfully installed in 1898 in the Sacramento Valley. In 1899, A. G. Wishon, then with the Mt. Whitney Power Company, installed the first irrigation pumps in the San Joaquin area.

Hydroelectric projects multiplied. On the Feather River in the north Guy C. Earl and Edwin T. Earl in 1902 organized the Western Power Company which later became the Great Western Power Company of California.

While these pioneer developments of the water-power resources of the Sierra were being started, the process of consolidation of gas and electric systems was gaining headway in San Francisco. In 1896, Peter Donahue's San Francisco Gas Light Company and George H. Roe's electric company, which in 1891 had been succeeded by the Edison Light and Power Company, were merged into the San Francisco Gas and Electric Company.

In only a few years, the leaders recognized the need for a still greater consolidation that would join in a single system the hydroelectric resources of the California Gas and Electric Corporation and the properties of the San Francisco Gas and Electric Company, which controlled the metropolitan power market. Thus on October 10, 1905, under direction of Eugene J. de Sabla, Jr., John

Martin and Frank G. Drum, the consolidation was effected under the name Pacific Gas and Electric Company, incorporated on that day.

Creation of Pacific Gas and Electric Company marked a turning point in Northern California utility history. From then on the course was to be toward eventual joining of the many existing gas and electric systems into one organization.

Disaster threatened the new enterprise within a few months when the San Francisco earthquake and fire of April 18, 1906 destroyed or damaged much of its property and created a crisis in its financing. Needed equity capital was expensive and hard to obtain but the new company weathered the storm. In 1914, when the shadows of the first World War made corporate financing doubly difficult, P. G. and E. established a record by selling millions of dollars of its stock direct to its customers. This was the beginning of the so-called customer-ownership plan of utility financing.

Then in 1930, the framework of the present P. G. and E. system was completed when the San Joaquin Light and Power Corporation, Midland Counties Public Service Corporation and Great Western Power Company were brought into the organization under single management and control.

One of the more important improvements of the period was accomplished in 1929-30 when natural gas was introduced in San Francisco and other northern communities.

Constantly expanding, building new generating plants and extending transmission and distribution electric and gas lines to serve ever-growing population, industries, and agriculture, P. G. and E. entered the post-depression era in the late 'thirties with an almost completely integrated system, serving virtually all of Northern California.

Following the close of World War II the Company undertook an unprecedented construction program. In the postwar years it has expended thus far nearly one billion dollars for electric and gas facilities to meet the needs of a doubled population.

In 100 years, Peter Donahue's tiny gas company has evolved into a vast system that serves more than 2,600,000 customers. As its second century of progress begins, P. G. and E. still is building, still meeting all service demands, still contributing to the advance of California's economy.



