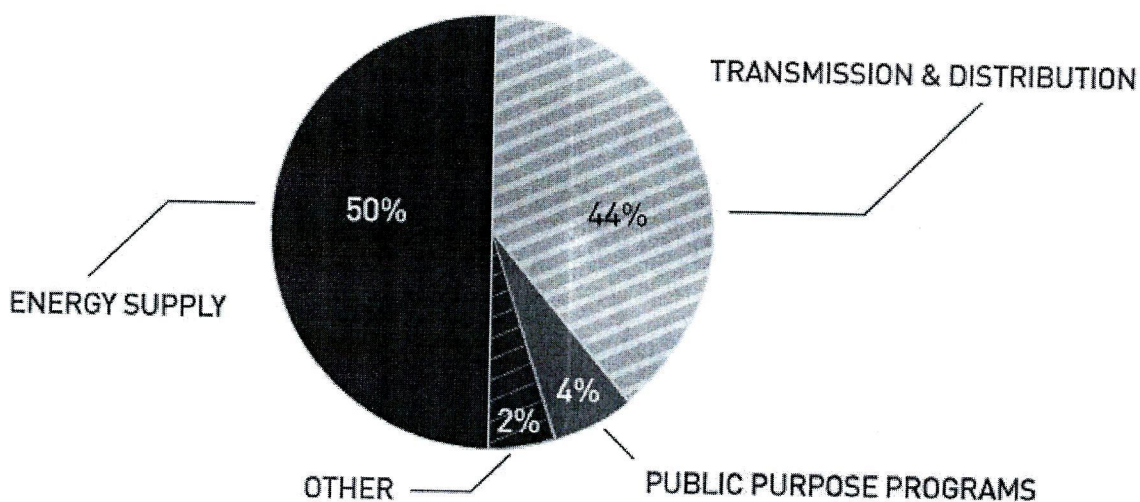


how efficiently we run our business and how effectively we help lower our customers' energy use. PG&E's average bills will remain among the lowest in the country. Helping our customers use less electricity and gas is in everyone's best interest.

This chart illustrates how PG&E invests the money it receives from residential customers like you.*



*Average Standard Rate for Electricity = 18.2¢ per kilowatt hour

Energy Supply (50%): The cost of generating and purchasing power for PG&E customers. More than 50 percent of our electricity comes from sources that are free of greenhouse gas emissions, giving us some of the cleanest energy supplies in the nation.

Transmission & Distribution (44%): Operating and maintaining the grid to deliver safe, reliable service. Includes new Smart Grid technology to reduce outages and more quickly restore service to customers.

Public Purpose Programs (4%): Promoting the public good, including discounts for income-qualified customers, investments in energy efficiency programs, and the California Solar Initiative.

Other (2%): Legacy costs for nuclear plant decommissioning, electric generation deregulation, and the impact of the 2001-2002 California energy crisis.