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PACIFIC GAS AND ELECTRIC COMPANY

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, Debtor. Federal I.D. No. 94-0742640	Case No. 01-30923 DM Chapter 11 Case

ORDER APPROVING DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE FOR PACIFIC GAS AND ELECTRIC COMPANY (DATED APRIL 19, 2002)

At the date and time set forth above, the Court held a hearing on final approval of the Disclosure Statement for Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company Proposed by Pacific Gas and Electric Company and PG&E Corporation (Dated April 19, 2002), filed herein by Pacific Gas and Electric Company, debtor and debtor in possession herein ("PG&E"), and PG&E Corporation (the "Disclosure Statement"). Appearances were as noted in the record.

The Court, having reviewed the "Errata to Disclosure Statement for Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company Proposed by Pacific Gas and Electric Company and PG&E Corporation (Dated April 19, 2002)" and the "Errata to Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company Proposed by Pacific Gas and Electric Company and PG&E Corporation (Dated April 19, 2002)," each of which were filed with the Court on April 23, 2002, and copies of which were made available to creditors and interested parties (collectively, the "Errata"), and having found that the proposed corrections set forth in the Errata are appropriate, and do not affect in a materially adverse manner the rights of any creditors or parties in interest, and the Court having considered objections filed by various parties, which objections have been withdrawn or otherwise resolved, and having found that the Disclosure Statement contains adequate information, within the meaning of Section 1125(a) of the Bankruptcy Code:

IT IS HEREBY ORDERED that:

1. The Disclosure Statement (as corrected by the Errata) is approved;

2. Notwithstanding Rule 3017(d) of the Federal Rules of Bankruptcy Procedure, the Court shall fix the record date for purposes of such subdivision of Rule 3017 pursuant to a separate order;

3. The Court expressly finds and determines that neither Rule 2002(c)(3) nor Rule 3017(f) of the Federal Rules of Bankruptcy Procedure are implicated by the Disclosure Statement, and that the Court therefore need not establish the procedures referenced in Rule 3017(f)(1) and (2) during the hearing on the Disclosure Statement; and

4. The Court shall by separate order establish procedures and rules governing the solicitation of acceptances of the Plan of Reorganization proposed by PG&E and PG&E

Corporation, and governing the timing for filing objections, and the hearing on confirmation, of such Plan.

DATED: April 24, 2002

/s/ Dennis Montali
United States Bankruptcy Judge

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, Debtor. Federal I.D. No. 94-0742640	Case No. 01-30923 DM Chapter 11 Case

SCHEDULING ORDER SUPPLEMENTING ORDERS APPROVING DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE FOR PACIFIC GAS AND ELECTRIC COMPANY (DATED APRIL 19, 2002) AND DISCLOSURE STATEMENT FOR THE CALIFORNIA PUBLIC UTILITIES COMMISSION'S PLAN OF REORGANIZATION UNDER CHAPTER 11 FOR PACIFIC GAS AND ELECTRIC COMPANY (DATED MAY 17, 2002)

At a hearing held on April 24, 2002, the Court approved the Disclosure Statement for Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company Proposed by Pacific Gas and Electric Company and PG&E Corporation (Dated April 19, 2002), filed herein by Pacific Gas and Electric Company, debtor and debtor in possession herein ("PG&E"), and PG&E Corporation (the "PG&E Disclosure Statement"), and an Order Approving Disclosure

Statement for Plan of Reorganization Under Chapter 11 of the Bankruptcy Code was entered on April 24, 2002 following such hearing. At the hearing, notwithstanding Rule 3017(c) of the Federal Rules of Bankruptcy Procedure, the Court postponed setting a date for (i) the last day for holders of claims and interests to accept or reject the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company Proposed by Pacific Gas and Electric Company and PG&E Corporation [Dated April 19, 2002] (the "PG&E Plan") and (ii) the hearing on confirmation of the PG&E Plan, until the hearing on approval of the Disclosure Statement for the California Public Utilities Commission's Plan of Reorganization under Chapter 11 for Pacific Gas and Electric Company [Dated May 17, 2002] (the "Commission Disclosure Statement").

Commencing on May 9, and continuing on May 15, 2002, the Court held a hearing on the Commission Disclosure Statement, and a hearing on the Motion by PG&E and the CPUC for Order (i) Approving Notices of Non-Voting Status, Notices to Parties to Executory Contracts and Notice to State Agencies; and (ii) Approving Voting Solicitation Procedures, Forms of Voting Ballots, Voting Timetable and Tabulation Procedures (the "Voting Procedures Motion"). The Commission Disclosure Statement was approved by the Court pursuant to an order entered herein on May 17, 2002, and the Voting Procedures Motion was approved pursuant to an Order Granting Motion by PG&E and the CPUC for Order (i) Approving Notices of Non-Voting Status, Notices to Parties to Executory Contracts and Notice to State Agencies; and (ii) Approving Voting Solicitation Procedures, Forms of Voting Ballots, Voting Timetable, and Tabulation Procedures (the "Voting Procedures Order"), entered herein on May 20, 2002.

IT IS HEREBY ORDERED that:

1. The April 24, 2002 Order and May 17, 2002 Order approving the PG&E Disclosure Statement and CPUC Disclosure Statement, respectively, are reaffirmed as of this date.

2. The hearing to consider confirmation of the PG&E Plan and the Plan of Reorganization under Chapter 11 for Pacific Gas and Electric Company [Dated May 17, 2002] filed by the California Public Utilities Commission (the "Commission Plan") shall commence on August 1, 2002 at 9:30 a.m. at the United States Bankruptcy Court, 235 Pine Street, 22nd Floor, San Francisco, California. The Confirmation Hearing shall commence with a status conference to establish (i) discovery procedures with respect to any objections to confirmation which are filed in accordance with the procedures set forth in paragraphs 3 and 4 below; (ii) a briefing schedule with respect to issues to be presented in connection with confirmation of the Plans; and (iii) a schedule for continuation of the Confirmation Hearing; provided, however, that the Confirmation Hearing may be adjourned from time to time without prior or other notice, other than an announcement of the adjourned hearing date at the Confirmation Hearing. Any party who files an objection to confirmation (or such party's designee) must appear at the August 1, 2002 hearing, failing which such objection will be denied for want of prosecution.

3. Any objection to confirmation of the PG&E Plan or the Commission Plan must (a) be in writing, (b) set forth the name and address of the objecting party, the nature of the Claim or Interest of such party, the nature of the objection and the legal basis therefor (as described more fully in Paragraph 4, below), (c) describe any discovery that such objecting party desires to conduct in connection with the objections presented, and (d) be filed with and received by the Clerk of the United States Bankruptcy Court for the Northern District of California (including a copy for Chambers of the Honorable Dennis Montali), together with proof of service thereof, and served upon and received by the following parties, no later than 4:00 p.m., Pacific time, on July 17, 2002: (1) Pacific Gas and Electric Company, 77 Beale Street, P.O. Box 7442, San Francisco, California 94120, Attn: General Counsel; (2) PG&E Corporation, One Market, Spear Street Tower, Suite 2400, San Francisco, California 94105, Attn: General Counsel; (3) Howard, Rice, Nemerovski, Canady, Falk & Rabkin, A Professional Corporation, Attorneys for Pacific Gas and Electric Company, Three Embarcadero Center, 7th Floor, San Francisco, California 94111, Attn: James L. Lopes; (4) Dewey Ballantine LLP, Attorneys for PG&E Corporation, Two Houston Center, 909 Fanin Street, Suite

1100, Houston, Texas 77010, Attn: Alan Gover; (5) Weil, Gotshal & Manges LLP, Attorneys for PG&E Corporation, 767 Fifth Avenue, New York, New York 10153, Attn: Michael Kessler; (6) The Office of the United States Trustee, 250 Montgomery Street, Suite 1000, San Francisco, California 94104, Attn: Stephen L. Johnson; (7) Milbank, Tweed, Hadley & McCloy LLP, Attorneys for Official Unsecured Creditors' Committee, 601 South Figueroa Street 30th Floor, Los Angeles, California 90017, Attn: Robert Moore; (8) The California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94111, Attn: Gary M. Cohen; and (9) Paul, Weiss, Rifkind, Wharton & Garrison, Attorneys for the California Public Utilities Commission, 1285 Avenue of the Americas, New York, New York 10019-6064, Attn: Alan W. Kornberg.

4. Objections to the Plan(s) shall briefly state the grounds on which each objection is based in a manner which is sufficient to give notice to the proponents of the Plan(s) of the nature of the objections, but shall NOT include a memorandum of legal or factual points and authorities or other discussion of the legal theories for the objection.

5. On or before July 22, 2002, the Commission and PG&E shall file with the Court and serve on any party who filed an objection pursuant to Paragraphs 3 and 4 above, a motion setting forth a proposed discovery protocol, which motion also shall be heard on August 1, 2002 at 9:30 a.m.

6. August 12, 2002 shall be the last day for holders of claims and interests to cast a ballot to accept or reject the PG&E Plan and/or the Commission Plan and, as appropriate, to indicate a preference if both Plans are accepted. Procedures for voting to accept or reject the Plans (and state a preference, as applicable) are as set forth in the Voting Procedures Order.

DATED: May 20, 2002

/s/ Dennis Montali
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT C TO THE DISCLOSURE STATEMENT

Assumptions—Nature and Limitations of Projections

The financial projections included in the Disclosure Statement are dependent upon the successful implementation of the business plans of the Reorganized Debtor, ETrans, GTrans and Gen and the validity of the other assumptions contained therein. These projections reflect numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms, continued access by the Reorganized Debtor, ETrans, GTrans and Gen to debt and equity markets, the continued availability of the working capital facilities contemplated by the Disclosure Statement, the anticipated future performance of the Reorganized Debtor, ETrans, GTrans and Gen, certain assumptions with respect to competitors of ETrans, GTrans and Gen, general business and economic conditions and other matters, many of which are beyond the control of the Reorganized Debtor, ETrans, GTrans and Gen. In addition, the risk factors outlined in the Disclosure Statement and unanticipated events and circumstances occurring subsequent to the preparation of the projections may affect the actual financial results of the Reorganized Debtor, ETrans, GTrans and/or Gen. Although the Proponents believe that the projections are reasonably attainable, variations between the actual financial results and those projected may occur and may be material.

Significant Assumptions Regarding Plan Consummation

The Debtor is assuming that the Plan shall be confirmed by the Bankruptcy Court for the purposes of these projections. The assumption of Plan confirmation incorporates the following significant assumptions:

1. the holders of Classes 3a, 3b, 4a, 4c, 4e, 5, 6, 7, 9, 11 and 14 claims shall have voted to accept the Plan by the requisite statutory majority or majorities as provided in section 1126(c) of the Bankruptcy Code;
2. no material adverse effect on the business, assets, operations, property, condition (financial or otherwise) of the Debtor or any of its subsidiaries (other than inactive subsidiaries) shall have occurred and be continuing;
3. no material unanticipated claims shall have been filed or asserted in the Chapter 11 Case;
4. all necessary regulatory and governmental approvals shall have been received within the contemplated timeline; and
5. the Bankruptcy Court shall have confirmed the Plan.

Significant Assumptions Regarding the Pre-Consummation Projections

Cash Balance At December 31, 2002

The Debtor expects to have cash available to reimburse creditors at year-end 2002 of about $1.7 billion. This amount is estimated based on the current cash balances and takes into account various cash impacts through 2002. These impacts include reductions for restricted funds, outstanding checks, all operating receipts and disbursements, and the $330 million net mortgage payment made on March 1, 2002. This forecasted cash balance reflects estimated disbursements to certain creditors to pay pre-petition debts, and interest on those debts, before consummation of the Plan. Capital expenditures included in the forecast total $1.6 billion in 2002. Pre-consummation disbursements of interest and pre-petition obligations include $1.06 billion to QF suppliers, $89 million of customer deposits and $768 million of interest before final interest payments at Plan consummation.

Earnings For 2001-2002

Earnings over the period 2001-2002 reflect earnings both from ongoing utility operations and non-recurring items such as the impact of FERC-ordered refunds and reversal of charges for costs the Debtor believes are invalid. Starting common equity balances in 2003 incorporate these earnings.

THE DISTRIBUTION COMPANY (REORGANIZED DEBTOR)

A. Structure of the Reorganized Debtor

1. The Reorganized Debtor will be a local electric and gas distribution company serving retail customers in Northern and Central California. The Reorganized Debtor will retain substantially all distribution assets, comprised of the current assets that are not transferred to ETrans, GTrans or Gen or sold as contemplated under Section VI.I of the Disclosure Statement. In general, the Reorganized Debtor's assets will be electric facilities at voltages below 60 kilovolts and gas facilities at pressures below 60 psig.
2. The Reorganized Debtor will provide distribution customer services and revenue cycle services, and will provide and administer public purpose programs for retail electric and gas customers.
3. The Reorganized Debtor will retain the obligation to procure gas on behalf of its retail gas customers and will accept the obligation to procure power on behalf of its retail electric customers once certain financial conditions are achieved.
4. The Reorganized Debtor will assume and retain the bilateral energy purchase agreements with (a) third-party gas suppliers and (b) QFs and other third party power suppliers. Gen will assume Irrigation District contracts.
5. The Reorganized Debtor and Gen will enter into an agreement during which the Reorganized Debtor will purchase output generated by Gen's facilities and produced under Gen's power purchase agreements.
6. The Reorganized Debtor will contract with GTrans for a combination of firm and as-available storage and pipeline capacity rights based on its continuing obligation to serve core gas customers.
7. The Hunters Point Power Plant and Humboldt Bay Power Plant assets will remain with the Reorganized Debtor.

B. Significant Assumptions Regarding the Projections for the Reorganized Debtor

<u>**Income Statement**</u>

Total Operating Revenues

Revenues include customer payments for electric and gas distribution services, electric transmission and gas transmission services, electric and gas energy procurement purchases (excluding DWR sources of electricity), public purpose programs and Rate Reduction Bonds.

1. Electric and Gas Distribution Revenues include base revenue increases from general rate case and attrition proceedings intended to enable the Reorganized Debtor to recover increased costs due to inflation, customer growth and ratebase growth. The authorized rate of return on common equity (ROE) remains at 11.2%. Electric annual load growth approximates 2%/year, and gas annual load growth ranges between 1.5% and 3%/year. The total energy demand incorporates forecast impacts of conservation programs in 2001 and 2002. Electric Direct Access retail load approximates 10,000 GWh annually.
2. Electric and gas procurement revenues match electric and gas procurement expenses. Excluded are revenues collected for electric energy procured by DWR on behalf of the Reorganized Debtor's customers. Cash revenues (receipts) lag expenses (disbursements) by the average working capital lag of 16 days.
3. Electric and Gas Public Purpose Program Revenue, excluding CARE, remains relatively constant at about $230 million/year (about $200 million electric, $30 million gas). Identical M&O expenses offset these revenues so there is no impact on distribution earnings.
4. System average retail electric rates for bundled services are currently approximately 13.9 cents/kWh. For purposes of these financial projections, this system average rate is forecast to decrease to approximately 13.4 cents/kWh after Plan consummation. The financial projections assume that electric rates fluctuate

normally thereafter due to changes in sales volume and normal ratemaking changes reflecting revenue requirements for base costs, public purpose programs, electric energy procurement and remittances to the DWR.

Operating Expenses

1. Total Cost of Energy includes all electric and gas commodity procured on behalf of retail electric and gas customers, and the costs of electric transmission and gas transmission services. Electric commodity costs include QF contracts, bilateral contracts with Gen, natural gas fuel for the Hunters Point and Humboldt power plants and other commodity procurement and grid management costs. Excluded are remittances to DWR for power it procures on behalf of the Reorganized Debtor's customers.

2. M&O and A&G Costs include direct M&O Expenses for electric and gas distribution, M&O expenses for the Hunters Point and Humboldt facilities, distribution A&G costs, public purpose programs and franchise and uncollectibles expenses. The Reorganized Debtor is assumed to pay $84 million in franchise fees in 2003. Total franchise fees paid by the Reorganized Debtor, Gen, ETrans and GTrans are assumed to be $93 million in 2003. This compares to $82 million in franchise fees paid by the Debtor in 2000.

3. Depreciation is calculated using depreciation rates currently authorized by the California Public Utilities Commission.

4. Property and Other Taxes is estimated at about 1% of average net plant as shown on the balance sheet. Net Plant is used as a proxy for the assessed value of the assets. This method approximates the historical property tax expense associated with these assets. The forecast makes no assumptions and Debtor has taken no position with the State Board of Equalization regarding central or local assessment, or the specific future methods of assessing the value of assets, but the forecast assumes that, on an overall basis for the Reorganized Debtor, property tax expense will continue to be about 1% of average net plant. The Reorganized Debtor is assumed to pay $109 million in property taxes in 2003. Total property taxes paid by the Reorganized Debtor, Gen, ETrans and GTrans are assumed to be $216 million in 2003. This compares to $169 million in property taxes paid by the Debtor in 2000. Debtor has had no non-confidential discussions with the State Board of Equalization regarding future assessments of Reorganized Debtor, and therefore property tax statements filed with the Board or local assessors after the Plan may differ from these assumptions depending upon actions by the Board or local assessors.

Interest Expense

Interest Expense (excluding Rate Reduction Bonds) consists mainly of interest on long-term debt. Interest expense is based on an interest rate of about 7.75% for new long-term debt and 4.7% for retained Pollution Control bonds. Borrowing costs are based on the all-in, effective costs to the Reorganized Debtor. Corresponding debt balances are net of issuance expenses. Accordingly, the par value of debt issued will be approximately 1% higher than the net balances shown.

Other Income

Other Income is comprised of "below-the-line" income and expenses, including AFUDC, operating costs not recoverable in retail rates, and non-recurring items.

Income Taxes

Income Taxes are calculated using a 35% federal tax rate and an 8.84% state tax rate, with a combined tax rate of 40.746%. The book income tax provision reflects existing regulatory practices for recognizing the timing of income tax expenses.

Dividends

Preferred Dividend arrearages are paid upon Plan consummation. Preferred dividends are based on an embedded cost of preferred stock of about 6.5%.

Balance Sheet

Starting balances are based on separation of the assets into the lines of business as described in the Plan and Disclosure Statement. Generally, balances of assets and liabilities are either held constant at their starting level, or are taken as a percentage of a revenue or expense. Plant in service, construction work in progress, common stock and long-term debt are dynamic balances, changing as a function of cash from operations and capital expenditures. Cash balances are assumed to be zero, since any excess cash is either netted against short-term borrowings or is used to buy back long-term debt and equity in order to meet the assumed capital structure targets for each year. For the distribution business, the targeted debt/capital ratio is less than 50%, declining from an initial debt/capital ratio of 51%.

Cash Flow Statement

1. Cash from operations is estimated by adding back depreciation and deferred taxes to net income, plus changes in working capital. Seasonal variations in receipts and reimbursements will cause these average requirements to fluctuate within a range of approximately +/- $250 million.
2. Subsequent to Plan consummation, the Reorganized Debtor manages its capital structure such that it achieves an overall debt to total capitalization ratio of approximately 49%, and then maintains that debt ratio over time. Reorganized Debtor commences cash distributions to common shareholders (shown as common stock repurchases) when it reaches its target debt ratio in 2004. Subsequently, Reorganized Debtor issues or repurchases debt and common equity annually in order to maintain this capital structure.

Supplemental Information

The Supplemental Information provides additional detail on gas and electric assumptions in the financial projections for the Reorganized Debtor.

THE GENERATION COMPANY (GEN)

A. Structure of Gen

1. Gen produces electricity, ancillary services and reliability-must run services. Initially all of the output of Gen will be sold to the Reorganized Debtor through a long-term bilateral contract. Beyond the term of the contract, Gen expects to sell into the open market at market rates.
2. Gen will own and operate the conventional hydroelectric facilities, Helms Pumped Storage facility and Diablo Canyon Power Plant. In addition, Gen will own and administer the Irrigation District contracts. Table 1 lists the capacity and energy output of Gen's assets.
3. Gen will own and maintain the generation tie lines that connect the generating assets to the transmission system.

Table 1. Gen Capability

	Capacity (MW)
Hydro (incl. Helms)	3,896
Diablo Canyon	2,174
Irrigation Districts	1,048
Total	7,118

B. Significant Assumptions Regarding the Projections for Gen

Income Statement

Total Operating Revenues

Under the terms of the bilateral contract with the Reorganized Debtor, Gen will receive separate capacity and energy payments. The capacity payments will be subject to availability criteria and the energy payments will be based on the actual electrical output of the assets. Both the capacity price and the energy price will escalate with inflation. The capacity payment is expected to result in Gen revenue of approximately $1.22 billion per year, while the energy payment is expected to be approximately $0.26 billion. Actual revenue will vary with hydrological conditions, unit outages, and other factors affecting energy production and capacity ratings under the contract.

Operating Expenses

1. Total Cost of Energy represents the cost of nuclear fuel for Diablo Canyon, as well as the spent fuel storage fee imposed by the Department of Energy.
2. M&O and A&G Costs—Hydro and Helms
   a. Hydro operations and maintenance expenses are similar to the expenses contained in PG&E's proposed Revenue Sharing Agreement, dated August 11, 2000.
   b. Normal expenses are based on the Debtor's historic level of spending prior to the passage of AB1890.
   c. Mandated expenses are any expenses incurred as a result of an order from a government agency or regulatory body. Such expenses include the cost of complying with license conditions and fees payable to the FERC, among other costs.
   d. Transmission fees are estimated at $5.5 million per year escalating with inflation, based on Debtor's forecast.
   e. In recent history, the hydro system has experienced one major storm causing approximately $20 million of damage every ten years. Consequently, the operating expenses include $2 million per year escalating at inflation to reflect this cost.
3. M&O and A&G Costs—Diablo Canyon
   a. Diablo Canyon's normal operating expenses are about $230 million escalating at inflation. O&M includes the cost of dry cask storage for spent nuclear fuel. Each unit runs approximately 20 months between refueling outages, resulting in one unit outage per year and 2 unit outages in the same year once every 5 years. Each refueling outage costs $35 million and requires 35 days to complete.
   b. Income on the Diablo Decommissioning Trust assets flow through Other Income with an offsetting expense. All trust income and assets remain restricted for the sole purpose of nuclear decommissioning.
4. M&O and A&G Costs—Irrigation District Contracts
   a. Irrigation district expenses consists of debt service payments, O&M, and water and energy payments, initially totaling $70 million/year.
5. Depreciation and Decommissioning—Depreciation expense is almost entirely for PG&E conventional hydro. Depreciation expense on hydro assumes a 35 year remaining life on gross plant. Diablo Canyon, Helms, and one conventional hydro project (South Yuba) have previously been expensed for financial reporting purposes.
6. Property and Other Taxes—Property tax is estimated at a little more than 1% of the market value of the generation business. The forecast makes no assumptions and Debtor has taken no position with the State Board of Equalization regarding central or local assessment, or the specific future methods of assessing the

value of assets, but the forecast assumes that, on an overall basis for Gen, property tax expense will be a little more than 1% of the market value of the generation business. Gen is assumed to pay $66 million in property taxes in 2003. Debtor has had no non-confidential discussions with the State Board of Equalization regarding future assessments of Gen, and therefore property tax statements filed with the Board or local assessors after the Plan may differ from these assumptions depending upon actions by the Board or local assessors.

Total Interest Income

Gen is assumed to not carry a cash balance, aside from the debt service reserve fund described below.

Interest Expense

Interest Expense (excluding Rate Reduction Bonds) is modeled assuming an 8.2% cost of long-term debt. Borrowing costs are based on the all-in, effective costs to Gen. Corresponding debt balances are net of issuance expenses. Accordingly, the par value of debt issued will be approximately 1% higher than the net balances shown.

Income Taxes

Income taxes are calculated using a 35% federal tax rate and an 8.84% state tax rate, with a combined tax rate of 40.746%.

Balance Sheet

Assets

Net Plant—Net plant is essentially the Debtor's conventional hydro plus undepreciated capital additions at Diablo Canyon, Helms and South Yuba.

Other Noncurrent Assets—Approximately $1.2 billion of this is the Diablo Decommissioning Trust fund. This fund is projected to grow at 6.34% per year from investment income reinvestments. The remaining $170 million is nuclear fuel inventory.

Short-term Investments (Net)—Short-term Investments reflects cash held in a debt service reserve fund. Income on this fund is reflected in Other Income.

Current Assets

Accounts Receivable—Customers—Accounts receivable is estimated at 45 days revenue.

Other Current Assets—$66 million of materials and supplies inventory is listed as Other Current Assets.

Capitalization

Common Stock Equity—Gen is borrowing against the market value of its assets and the book value is artificially low due to previous accounting write-downs. As a result, common stock equity is negative.

Other Long-Term Debt—Gen consists of a mix of finite lived assets (Diablo Canyon, and the Irrigation District Contracts) as well as near-perpetual assets (Hydro and Helms). Because of this mix of assets as well as the security of the bilateral contract, Gen's near-term borrowing capacity is greater than its long-term borrowing capacity. Gen is assumed to borrow $2.4 billion initially. $2.0 billion of this debt amortizes over 21 years.

Current Liabilities

Accounts Payable—Creditors—Accounts payable is estimated at 45 days of cash operating expenses.

Deferred Credits and Other NC Liabilities

Deferred Income Taxes—Deferred income taxes are the difference between book and cash income taxes.

Other Noncurrent Liab.—This item is the liability associated with decommissioning Diablo Canyon.

Cash Flow Statement

Cash Flows From Operations

Cash from operations is estimated by adding back depreciation and deferred taxes to net income, plus any change in working capital.

Investing Activities

Capital Expenditures

Hydro and Helms

1. Capital spending is divided into normal capital and mandated capital costs. The normal capital spending forecast is the same as that contained in the Revenue Sharing Agreement.
2. Mandated capital costs, like mandated expenses, are capital costs incurred as a result of an order from a government agency or regulatory body. Mandated capital costs are based on Debtor's forecast and average $16 million (2001$) over the first 10 years.

Diablo Canyon

Diablo's capital spending is divided into 2 categories: base and major projects. Base capital spending is approximately $20 million per year. Major projects consist of turbine rotor replacement ($93 million over 2003-2005) and steam generator replacement ($415 million over 2006-2009).

Irrigation District Contracts

There are no capital expenditures associated with the Irrigation District Contracts.

Financing Activities

1. Other Net Financing activities show deposits to the debt service reserve fund.
2. Gen debt principal amortization begins in 2005. Debt amortization is scheduled in order to achieve investment-grade credit ratings. Cash surplus to requirements for funding operating costs, reserve funds, capital expenditures and debt service is distributed to common shareholders (NewCo) for reinvestment in other businesses (such as ETrans) or distribution to the Parent

THE ELECTRIC TRANSMISSION COMPANY (ETRANS)

A. Structure of ETrans

1. ETrans will operate as an independent electric transmission company, selling transmission services to wholesale customers (other utilities), and to electric generators. ETrans will not procure electricity or ancillary services, except to the extent already required under existing transmission contracts to be assumed by ETrans and to meet any obligations under an ISO or RTO. ETrans' transmission network capacity will be controlled by the ISO/RTO.

2. ETrans will own electric facilities at voltages 60 kilovolts and above, including substations and telecommunications infrastructure.

B. Significant Assumptions Regarding the Financial Projections for ETrans

Income Statement

Total Operating Revenues

1. Operating revenues are estimated by assuming that ETrans' transmission rates are set annually by the FERC. Authorized returns on common equity are 12.5% in 2003-2004, and 12.0% in 2005.
2. Authorized revenues are assumed to be increased each year to reflect addition of new transmission plant, and the effects of inflation on operating costs.

Operating Expenses

1. Grid Services—The amounts on this line include the expenses of reliability-must-run (RMR) contracts. RMR costs are assumed to total about $250 million/year.
2. M&O and A&G Costs are the costs of operating and maintaining ETrans' electric infrastructure for delivering energy. These expenses are for the portion of costs that are not capitalized, and include employee compensation and benefits, payroll taxes, materials and supplies, contract labor, franchise fees paid to the cities and counties ETrans serves, and other costs and fees. ETrans is assumed to pay $6 million in franchise fees in 2003.
3. Depreciation & Decommissioning—Depreciation expense is estimated as a function of investment in plant, and computed using currently approved depreciation rates.
4. Property and Other Taxes is estimated at about 1% of average net plant. Net Plant is used as a proxy for the assessed value of the assets. This method approximates the historical property tax expense associated with these assets. The forecast makes no assumptions and Debtor has taken no position with the Board of Equalization regarding central or local assessment, or the specific future methods of assessing the value of assets, but the forecast assumes that, on an overall basis for ETrans, property tax expense will be about 1% of average net plant. ETrans is assumed to pay $21 million in property taxes in 2003. Debtor has not had any non-confidential discussions with the State Board of Equalization regarding future assessments of ETrans, and therefore property tax statements filed with the Board or local assessors after the Plan may differ from these assumptions depending upon actions by the Board or local assessors.
5. Total Interest Income—ETrans is assumed to not carry a cash balance, and not to have any balancing account interest income.

Interest Expense

Interest expense on long-term debt is estimated using a 7.73% cost of debt. Borrowing costs are based on the all-in, effective costs to ETrans. Corresponding debt balances are net of issuance expenses. Accordingly, the par value of debt issued will be approximately 1% higher than the net balances shown.

Other Income

This line includes amounts for AFUDC (Allowance for Funds Used During Construction).

Income Taxes

Income taxes are calculated using a 35% federal tax rate and an 8.84% state tax rate, with a combined tax rate of 40.746%.

Preferred Dividend Req

ETrans is assumed to be financed only with common equity and long-term debt. Therefore, there are no preferred dividends.

Balance Sheet

Starting balances are based on separation of the assets into the lines of business as described in the Plan and Disclosure Statement. Generally, balances of assets and liabilities are either held constant at their starting level, or are taken as a percentage of a revenue or expense. Plant in service, construction work in progress, common stock and long-term debt are dynamic balances, changing as a function of cash from operations and capital expenditures. Cash balances are shown as zero, since any excess cash is offset against short-term debt, or is used to buy back debt and equity in order to meet the assumed capital structure targets for each year.

Plant in Service

Changes in Plant in Service are based on business unit forecasts of annual capital expenditures during the forecast period, which in turn are based on current business plans and projections. Significant capital expenditures for capacity additions, including Path 15, are included in the forecast.

Cash Flow Statement

1. Cash from operations is estimated by adding back depreciation and deferred taxes to net income, plus any change in working capital. Cash from operations over the forecast period is insufficient to fund ETrans' capital spending program over this period. As result, external financing, both equity and debt, is required. Equity infusions are assumed to be funded by the Parent, either through internally generated funds from other businesses or from stock issuance.
2. Working capital is estimated based on year-end recorded balances.
3. Subsequent to Plan consummation, ETrans manages its capital structure such that it achieves an overall debt to total capitalization ratio of approximately 57%, and then maintains that debt ratio over time. Although Etrans achieves its target capital structure in 2004, it does not distribute cash to common shareholders (shown as common stock issuances or repurchases) during the forecast period due to large funding requirements for its capital expenditures program.

Supplemental Information

The Supplemental Information provides additional detail on assumptions for rate base, return and capital structure in the financial projections for ETrans.

THE GAS TRANSMISSION COMPANY (GTRANS)

A. Structure of GTrans

1. GTrans will operate as an independent, FERC-regulated interstate gas transmission company, and will provide open access, non-discriminatory gas transportation, storage and related services to local gas and electric distribution companies, gas marketers, electric generators and other creditworthy parties. GTrans will focus on providing open access transportation and related services, and, at least initially, will not buy and sell natural gas or other commodities.
2. GTrans will own gas transmission lines above 60 psig, including approximately 6,300 miles of pipelines, three underground storage facilities, eight compressor stations and certain end-use customer service lines. In addition, GTrans will receive all other assets currently used primarily to support the gas transmission business, except the Reorganized Debtor will retain gas gathering facilities and operations.

B. Significant Assumptions Regarding the Financial Projections for GTrans

Income Statement

Total Operating Revenues

Forecast operating revenues for 2003 are based on forecast 2002 revenues (fully normalized for weather and hydro conditions) for the Debtor's California Gas Transmission business unit, and include an assumed 1% increase in total throughput due to system load growth. For the period 2004-2005, revenues are calculated as those necessary to achieve the full FERC-authorized return on common equity, which is assumed to be 13.0% for 2004 and 2005.

Operating Expenses

1. Total Cost of Energy—The amounts on this line are zero, since GTrans has no plans to market natural gas commodity sales to its customers. Natural gas used to operate GTrans' compressor stations and to reflect other line losses will be collected from shippers through an "in-kind" shrinkage adjustment.
2. M&O and A&G Costs—Maintenance and Operation (M&O) costs are based on GTrans' current forecast for 2002, and are escalated thereafter. These are the costs of operating and maintaining GTrans' infrastructure for delivering and storing natural gas. These expenses are for the portion of costs that are not capitalized, and include employee compensation and benefits, payroll taxes, materials and supplies, contract labor, franchise fees paid to cities and counties, and other costs and fees. Activities covered by these costs include pipeline, underground storage, and right-of-way maintenance. Administrative and General (A&G) costs represent the administrative costs of running the business. These costs also are forecast based on 2002 estimates. GTrans is assumed to pay $4 million in franchise fees in 2003.
3. Depreciation & Decommissioning expense is estimated as a function of investment in plant, and computed using currently-approved depreciation rates.
4. Property and Other Taxes is estimated at about 1% of average net plant. Net Plant is used as a proxy for the assessed value of the assets. This method approximates the historical property tax expense associated with these assets. The forecast makes no assumptions and Debtor has taken no position with the State Board of Equalization regarding central or local assessment, or the specific future methods of assessing the value of assets, but the forecast assumes that, on an overall basis for GTrans, property tax expense will continue to be about 1% of average net plant. GTrans is assumed to pay $20 million in property taxes in 2003. Debtor has had no non-confidential discussions with the State Board of Equalization regarding future assessments of GTrans, and therefore property tax statements filed with the Board or local assessors after the Plan may differ from these assumptions depending upon actions by the Board or local assessors.

Total Interest Income

GTrans is assumed not to carry a cash balance, and not to have any balancing account interest income.

Interest Expense

Interest expense on long-term debt is estimated using a 7.73% cost of debt. Borrowing costs are based on the all-in, effective costs to GTrans. Corresponding debt balances are net of issuance expenses. Accordingly, the par value of debt issued will be approximately 1% higher than the net balances shown.

Other Income

These amounts are based primarily on an estimate of AFUDC (Allowance for Funds Used During Construction.)

Income Taxes

Income taxes are calculated using a 35% federal tax rate and an 8.84% state tax rate, with a combined tax rate of 40.746%.

Preferred Dividend Req

GTrans will be financed only with common equity and long-term debt. Therefore, there are no preferred dividends.

Balance Sheet

Starting balances are based on separation of the assets into the lines of business as described in the Plan and Disclosure Statement. Generally, balances of assets and liabilities are either held constant at their starting level, or are taken as a percentage of a revenue or expense. Plant in service, construction work in progress, common stock and long-term debt are dynamic balances, changing as a function of cash from operations and capital expenditures. Cash balances are assumed to be zero, since any excess cash is used to offset short-term debt or is used to buy back debt and equity in order to meet the assumed capital structure targets for each year.

Plant in Service

Changes in Plant in Service are based GTrans' expected annual capital expenditures during the forecast period, which in turn are based on current business plans and projections. These forecasts reflect the forecasted timing of plant additions. Significant capital expenditures for pipeline and storage capacity additions are included in the forecast.

Cash Flow Statement

1. Cash from operations is estimated by adding back depreciation and deferred taxes to net income, plus any change in working capital.
2. Subsequent to Plan consummation, GTrans manages its capital structure such that it achieves an overall debt to total capitalization ratio of approximately 57%, and then maintains that debt ratio over time. GTrans reduces its debt ratio annually until achieving its target capital structure in 2005. Given the relatively moderate scale of its capital expenditures and external debt financing requirements, GTrans does distribute cash to common shareholders (NewCo) annually (shown as common stock repurchases). This cash is available for reinvestment in GTrans or distribution to the Parent.

Supplemental Information

The Supplemental Information provides additional detail on assumptions for rate base, return and capital structure in the financial projections for GTrans.

REORGANIZED DEBTOR

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
INCOME STATEMENT				
Total Operating Revenues*		9,461.6	9,445.2	9,712.7
Operating Expenses:				
Total Cost of Energy*		5,400.4	5,230.7	5,364.7
M&O and A&G Costs		1,843.0	1,878.0	1,893.4
Depreciation & Decommissioning		731.7	738.1	752.7
Property & Other Taxes		109.3	110.8	112.1
RRB Asset Amortization		290.1	290.1	290.1
Total Operating Expenses		8,374.4	8,247.8	8,413.0
Operating Income		1,087.2	1,197.4	1,299.7
Total Interest Income		16.0	9.9	9.4
Interest Expense (Excl RRBs)		372.5	354.4	364.4
RRB Interest		87.9	68.9	50.3
Total Interest Expense		460.4	423.3	414.7
Other Income		(36.3)	(42.7)	(45.8)
Pretax Income		606.5	741.3	848.6
Total Booked Income Taxes		196.3	255.5	298.5
Preferred Dividend Req		22.6	23.0	23.9
Total Earnings Avail for Common		387.7	462.8	526.3

* Excludes Receipts and Disbursements for CDWR Procurement.

REORGANIZED DEBTOR

BALANCE SHEET

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
Assets:				
Plant in Service	19,743.0	20,795.2	21,544.3	22,282.6
Accumulated Depr	(9,169.4)	(9,901.1)	(10,495.3)	(11,058.7)
Net Plant	10,573.5	10,894.1	11,049.1	11,223.9
Construction Work In Progress	140.5	142.0	143.5	145.4
Other Noncurrent Assets	64.4	64.4	64.4	64.4
Total Long-term Assets	10,778.5	11,100.6	11,257.0	11,433.7
Current Assets:				
Short-term Investments (Net)	0.0	0.0	0.0	0.0
Accounts Receivable	1,692.5	1,731.4	1,770.3	1,801.7
Balancing Accts Receivable	0.0	0.0	0.0	0.0
Inventory—Fuels	168.7	165.8	163.0	163.4
Inventory—M&S	64.2	65.9	67.6	69.2
Total Current Assets	1,925.4	1,963.1	2,000.9	2,034.3
Deferred Charges:				
Expense Deferral (Reg Assets)	1,545.0	1,254.9	964.8	674.7
Other Deferred Charges	1,418.3	1,418.3	1,418.3	1,418.3
Total Deferred Charges	2,963.3	2,673.2	2,383.1	2,093.0
TOTAL ASSETS	15,667.1	15,736.9	15,641.0	15,561.0

REORGANIZED DEBTOR

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
Capitalization:				
Common Stock Equity	4,221.5	4,631.7	4,837.9	4,985.7
Preferred Stock (incl QUIDS)	423.5	419.7	434.9	448.0
RRBs Outstanding	1,160.4	870.3	580.2	290.1
Other Long-term Debt	4,700.2	4,689.1	4,814.1	4,962.3
Total Capitalization	10,505.6	10,610.8	10,667.1	10,686.2
Current Liabilities:				
Short-Term Borrowings	164.8	164.2	161.4	161.8
Accounts Payable—Creditors	973.4	1,011.9	1,050.5	1,082.3
Accounts Payable—Affiliates	0.0	0.0	0.0	0.0
Balancing Accounts Payable	29.3	29.1	28.9	28.6
Accrued Taxes Payable	567.8	567.8	540.7	543.8
Current Portion of RRBs	290.1	290.1	290.1	290.1
Long-Term Debt—Current	0.0	0.0	0.0	0.0
Interest Payable	41.9	37.2	32.4	33.4
Dividends Payable	0.0	0.0	0.0	0.0
Other Current Liabilities	610.4	610.4	610.4	610.4
Total Current Liabilities	2,677.8	2,710.8	2,714.3	2,750.4
Deferred Credits and Other NC Liabilities:				
Deferred Income Taxes	821.8	729.7	637.6	557.0
Deferred ITC	108.3	103.8	99.4	94.9
Noncurrent Balancing Acct Liab	0.0	0.0	0.0	0.0
Customer Advances for Construction	117.2	121.7	123.9	126.8
Other Deferred Credits	1,301.9	1,301.9	1,301.9	1,301.9
Other Noncurrent Liab.	134.6	158.1	96.7	43.7
Total Deferred Credits & NC Liab	2,483.7	2,415.3	2,259.6	2,124.4
TOTAL CAPITAL & LIABILITIES	15,667.1	15,736.9	15,641.0	15,561.0

REORGANIZED DEBTOR

CASH FLOW STATEMENT

($Millions)	12/31/2002	12/31/2003	12/31/2004	12/31/2005
Cash Flows From Operations:				
Net Income		410.3	485.7	550.2
Depreciation		717.0	738.1	752.7
Change in Deferred Taxes		(92.1)	(96.5)	(85.1)
Change in Accts Receivable		(38.9)	(38.9)	(31.4)
Change in Inventories		1.2	1.2	(2.0)
Change in Accts Payable		38.5	38.5	31.8
Change in Accrued Taxes Payable		0.0	(27.2)	3.1
Change in Bal Accts & Reg Asset Amort		289.9	289.9	289.8
Change in Other Working Capital		0.0	(4.8)	1.0
Other Net Cash from Operations		56.5	1.6	2.0
Net Cash from Operations		1,382.4	1,387.6	1,512.2
Investing Activities:				
Capital Expenditures		(1,053.8)	(955.4)	(981.7)
Other Net Investing Activities		0.0	0.0	0.0
Net Cash Used In Investing		(1,053.8)	(955.4)	(981.7)
Financing Activities:				
Common Stock Issued (Repurchased)		(0.0)	(256.6)	(378.5)
Preferred Stock Issued		0.0	22.0	20.0
Preferred Stock redeemed		(3.8)	(6.9)	(6.9)
Long-term Debt issued		(11.1)	125.1	148.2
Long-term Debt matured/redeemed		(0.0)	0.0	0.0
Long-term Debt purch/sinking		0.0	0.0	0.0
RRB Principal Repayments		(290.1)	(290.1)	(290.1)
Change in Short-term Position		(0.6)	(2.8)	0.4
Dividends Disbursed		(22.9)	(22.9)	(23.7)
Other Net Financing Activities		0.0	0.0	0.0
Net Cash Used In Financing		(328.5)	(432.2)	(530.5)
Net Change in Cash		0.0	0.0	0.0

REORGANIZED DEBTOR

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
SUPPLEMENTAL INFORMATION				
Revenues				
Gas		2,151.0	2,248.7	2,312.5
Public Purpose		230.7	230.7	234.2
Electric		7,080.0	6,965.8	7,166.1
Total from Inc Stmt		9,461.6	9,445.2	9,712.7
Energy Costs				
Gas Procurement		779.0	784.5	799.2
Gtrans Payments		430.5	433.0	456.3
Etrans Payments		751.6	813.7	863.9
Gen Payments		1,472.5	1,492.3	1,509.7
QF Payments		1,496.7	1,475.2	1,456.5
Third Party Bilats		196.2	0.0	0.0
Other Gen Costs[1]		273.8	231.9	279.1
Total from Inc Stmt		5,400.4	5,230.7	5,364.7
M&O and A&G Costs				
Gas		501.4	512.2	522.7
Public Purpose		228.4	228.4	231.8
Electric		1,113.2	1,137.4	1,138.9
Total from Inc Stmt		1,843.0	1,878.0	1,893.4
Depreciation & Decommissioning				
Gas		235.3	243.5	251.5
Electric		496.4	494.7	501.2
Total from Inc Stmt		731.7	738.1	752.7
Property & Other Taxes				
Gas		24.6	24.0	23.4
Electric		84.7	86.8	88.7
Total from Inc Stmt		109.3	110.8	112.1
Average Annual Distribution Rate Base				
Gas		2,284.8	2,228.8	2,188.1
Electric		8,079.2	8,219.0	8,399.7
Authorized Capital Structure				
% Debt		47.7%	47.7%	47.7%
% Preferred		4.3%	4.3%	4.3%
% Equity		48.0%	48.0%	48.0%
		100.0%	100.0%	100.0%
Authorized Cost of Capital				
Debt		7.21%	7.21%	7.22%
Preferred		6.50%	6.50%	6.50%
Equity		11.20%	11.20%	11.20%
Return on Rate Base		9.09%	9.09%	9.10%

[1] Includes ISO and Retained Fossil fuel costs net of RMR revenues and WAPA payments.

REORGANIZED DEBTOR

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
SUPPLEMENTAL INFORMATION				
Gas Procurement Volumes and Average Price				
Gas Sales (mDTH)		291,395	290,419	289,921
Average Price ($/mmBtu)		2.67	2.70	2.76
Elec Procurement Volumes and Average Price[1]				
Volumes (GWh)				
Gen Bilats		33,998	33,131	33,530
QF		19,209	18,946	18,579
Third Party Bilats		3,747	0	0
Other Gen[2]		1,182	1,184	1,183
Total Non-DWR Supply		58,136	53,261	53,292
DWR/Net Open		18,793	24,971	22,858
Total (excl D/A)		76,929	78,232	76,150
Average Price ($/MWh)				
Gen Bilats		43.31	45.04	45.03
QF		77.91	77.87	78.40
Third Party Bilats		52.37		
Other Gen[3]		231.76	195.91	235.88
Total Non-DWR Supply		59.16	60.07	60.90
DWR/Net Open		121.81	109.79	115.46
Overall Average (excl D/A)		74.46	75.94	77.27
Sales/Deliveries (GWh)				
Total Deliveries		77,171	78,625	80,277
Bundled Sales		66,992	68,207	69,621
Direct Access		10,180	10,418	10,656
Average Rate (¢/kWh)				
Total Deliveries		12.20	12.40	12.28
Bundled Sales		13.38	13.58	13.45
Direct Access		4.37	4.68	4.63

[1] Electric Procurement Volumes and Average Prices are shown before the effects of netting line losses and Helms pumping.
[2] Includes Retained Fossil, Etiwanda & EBMUD and Puget inbound.
[3] Includes ISO Ancillary Services and Retained Fossil fuel costs net of RMR revenues and WAPA payments.

ETRANS

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
INCOME STATEMENT				
Total Operating Revenues		751.6	813.7	863.9
Operating Expenses:				
Grid Services		263.0	260.9	258.9
M&O and A&G Costs		166.3	169.4	172.6
Depreciation		99.9	112.7	125.4
Property & Other Taxes		20.9	24.1	27.3
Total Operating Expenses		550.0	567.2	584.2
Operating Income		201.6	246.6	279.7
Total Interest Income		0.0	0.0	0.0
Total Interest Expense		81.2	85.4	95.5
Other Income		11.8	7.9	6.5
Pretax Income		132.2	169.1	190.7
Total Booked Income Taxes		53.9	68.9	77.7
Preferred Dividend Req		0.0	0.0	0.0
Total Earnings Avail for Common		78.3	100.2	113.0

ETRANS

BALANCE SHEET

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
Assets:				
Plant in Service	2,866.9	3,288.6	3,625.7	3,961.8
Accumulated Depr	(1,163.5)	(1,263.4)	(1,320.3)	(1,385.2)
Net Plant	1,703.3	2,025.2	2,305.4	2,576.6
Construction Work In Progress	204.5	130.7	56.9	57.9
Other Noncurrent Assets	0.0	0.0	0.0	0.0
Total Long-term Assets	1,907.9	2,155.9	2,362.3	2,634.5
Current Assets:				
Short-term Investments (Net)	0.0	0.0	0.0	0.0
Accounts Receivable	73.7	80.3	86.9	92.3
Other Current Assets	5.8	5.9	6.1	6.1
Total Current Assets	79.5	86.3	93.0	98.5
Deferred Charges	204.3	204.3	204.3	204.3
TOTAL ASSETS	2,191.6	2,446.4	2,659.6	2,937.2

ETRANS

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
Capitalization:				
Common Stock Equity	536.6	790.6	890.7	1008.4
Preferred Stock (incl QUIDS)	0.0	0.0	0.0	0.0
Other Long-term Debt	1,050.0	1,050.0	1,158.7	1,311.7
Total Capitalization	1,586.6	1,840.6	2,049.4	2,320.1
Current Liabilities:				
Short-Term Borrowings (Net)	0.0	0.0	0.0	0.0
Accounts Payable	42.2	42.3	42.4	42.6
Balancing Accounts Payable	0.0	0.0	0.0	0.0
Accrued Taxes Payable	45.0	45.5	45.9	46.6
Long-Term Debt—Current	0.0	0.0	0.0	0.0
Interest Payable	0.0	0.0	0.0	0.0
Dividends Payable	0.0	0.0	0.0	0.0
Other Current Liabilities	42.4	42.4	42.4	42.4
Total Current Liabilities	129.6	130.2	130.7	131.5
Deferred Credits and Other NC Liabilities:				
Deferred Income Taxes	303.2	307.3	311.4	318.0
Deferred ITC	14.2	13.6	13.1	12.6
Noncurrent Balancing Acct Liab	0.0	0.0	0.0	0.0
Customer Advances for Construction	0.0	0.0	0.0	0.0
Other Deferred Credits	154.0	154.4	154.9	155.0
Other Noncurrent Liab.	4.1	0.3	0.0	(0.0)
Total Deferred Credits & NC Liab	475.5	475.7	479.4	485.5
TOTAL CAPITAL & LIABILITIES	2,191.6	2,446.4	2,659.6	2,937.2

ETRANS

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
CASH FLOW STATEMENT				
Cash Flows From Operations:				
Net Income		78.3	100.2	113.0
Depreciation		99.9	112.7	125.4
Change in Deferred Taxes		3.6	3.6	6.1
Change in Accts Receivable		(6.6)	(6.6)	(5.4)
Change in Inventories		0.0	0.0	0.0
Change in Accts Payable		0.1	0.1	0.1
Change in Accrued Taxes Payable		0.5	0.5	0.7
Change in Other Working Capital		0.0	0.0	0.0
Other Net Cash from Operations		(1.4)	0.0	0.0
Net Cash from Operations		174.3	210.4	239.9
Investing Activities:				
Capital Expenditures		(347.9)	(319.1)	(397.6)
Other Net Investing Activities		(2.9)	0.0	0.0
Net Cash Used In Investing		(350.9)	(319.1)	(397.6)
Financing Activities:				
Common Stock Issued (Repurchased)		176.5	(0.0)	4.7
Preferred Stock Issued		0.0	0.0	0.0
Preferred Stock redeemed		0.0	0.0	0.0
Long-term Debt issued		0.0	108.7	153.0
Long-term Debt matured/redeemed		0.0	0.0	0.0
Long-term Debt purch/sinking		0.0	0.0	0.0
Change in Short-term Position		0.0	0.0	0.0
Dividends Disbursed		0.0	0.0	0.0
Other Net Financing Activities		0.0	0.0	0.0
Net Cash Used In Financing		176.5	108.7	157.7
Net Change in Cash		0.0	0.0	0.0

ETRANS

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
SUPPLEMENTAL INFORMATION				
Average Year Authorized Capital Structure				
% Equity		38.7%	43.2%	43.5%
% Debt		61.3%	56.8%	56.5%
		100.0%	100.0%	100.0%
Ratebase				
End of Year		1,709.8	1,992.5	2,262.2
Average Annual		1,545.9	1,851.2	2,127.4
Authorized Cost of Capital				
Equity		12.5%	12.5%	12.0%
Debt		7.73%	7.73%	7.73%

GTRANS

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
INCOME STATEMENT				
Total Operating Revenues		430.5	433.0	456.3
Operating Expenses:				
Total Cost of Energy		0.0	0.0	0.0
M&O and A&G Costs		130.2	134.1	138.3
Depreciation		77.2	81.4	83.8
Property & Other Taxes		19.7	21.7	22.4
Total Operating Expenses		227.0	237.1	244.5
Operating Income		203.5	195.9	211.7
Total Interest Income		0.0	0.0	0.0
Total Interest Expense		70.1	71.5	70.0
Other Income		2.6	3.2	1.9
Pretax Income		135.9	127.5	143.6
Total Booked Income Taxes		55.4	52.0	58.5
Preferred Dividend Req		0.0	0.0	0.0
Total Earnings Avail for Common		80.5	75.6	85.1

GTRANS

BALANCE SHEET

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
Assets:				
Plant in Service	2,794.7	2,886.0	3,062.2	3,108.9
Accumulated Depr	(1,110.3)	(1,187.5)	(1,214.9)	(1,272.0)
Net Plant	1,684.3	1,698.5	1,847.2	1,836.9
Construction Work In Progress	10.0	37.8	9.9	28.5
Other Noncurrent Assets	0.0	0.0	0.0	0.0
Total Long-term Assets	1,694.3	1,736.2	1,857.1	1,865.4
Current Assets:				
Short-term Investments (Net)	0.0	0.0	0.0	0.0
Accounts Receivable	45.7	46.0	46.3	48.8
Other Current Assets	6.5	6.7	6.9	7.0
Total Current Assets	52.2	52.7	53.1	55.8
Deferred Charges	104.7	104.7	104.7	104.7
TOTAL ASSETS	1,851.3	1,893.6	2,014.9	2,025.8

GTRANS

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
Capitalization:				
Common Stock Equity	485.9	544.9	617.3	692.8
Preferred Stock (incl QUIDS)	0.0	0.0	0.0	0.0
Other Long-term Debt	900.0	900.0	938.7	861.7
Total Capitalization	1,385.9	1,444.9	1,556.0	1,554.5
Current Liabilities:				
Short-Term Borrowings	0.0	0.0	0.0	0.0
Accounts Payable	12.5	12.8	13.2	13.6
Balancing Accounts Payable	0.0	0.0	0.0	0.0
Accrued Taxes Payable	(16.9)	(16.8)	(16.6)	(16.5)
Long-Term Debt—Current	0.0	0.0	0.0	0.0
Interest Payable	0.0	0.0	0.0	0.0
Dividends Payable	0.0	0.0	0.0	0.0
Other Current Liabilities	34.5	34.5	34.5	34.5
Total Current Liabilities	30.0	30.6	31.1	31.6
Deferred Credits and Other NC Liabilities:				
Deferred Income Taxes	278.2	288.3	298.3	310.5
Deferred ITC	10.2	9.7	9.3	8.8
Noncurrent Balancing Acct Liab	0.0	0.0	0.0	0.0
Customer Advances for Construction	0.0	0.0	0.0	0.0
Other Deferred Credits	120.4	120.1	119.8	121.8
Other Noncurrent Liab.	26.6	0.0	0.4	(1.4)
Total Deferred Credits & NC Liab	435.4	418.1	427.8	439.7
TOTAL CAPITAL & LIABILITIES	1,851.3	1,893.6	2,014.9	2,025.8

GTRANS

CASH FLOW STATEMENT

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
Cash Flows From Operations:				
Net Income		80.5	75.6	85.1
Depreciation		77.2	81.4	83.8
Change in Deferred Taxes		10.1	9.6	11.7
Change in Accts Receivable		0.3	(0.3)	(2.5)
Change in Inventories		0.0	0.0	0.0
Change in Accts Payable		0.3	0.4	0.4
Change in Accrued Taxes Payable		(0.1)	0.2	0.1
Change in Other Working Capital		0.0	0.0	0.0
Other Net Cash from Operations		(27.8)	1.3	(0.2)
Net Cash from Operations		140.6	168.1	178.4
Investing Activities:				
Capital Expenditures		(119.1)	(203.6)	(91.8)
Other Net Investing Activities		(0.0)	0.0	0.0
Net Cash Used In Investing		(119.1)	(203.6)	(91.8)
Financing Activities:				
Common Stock Issued (Repurchased)		(21.4)	(3.2)	(9.6)
Preferred Stock Issued		0.0	0.0	0.0
Preferred Stock redeemed		0.0	0.0	0.0
Long-term Debt issued		0.0	38.7	(77.0)
Long-term Debt matured/redeemed		0.0	0.0	0.0
Change in Short-term Position		0.0	0.0	0.0
Dividends Disbursed		0.0	0.0	0.0
Other Net Financing Activities		0.0	0.0	0.0
Net Cash Used In Financing		(21.4)	35.5	(86.6)
Net Change in Cash		0.0	0.0	0.0

GTRANS

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
SUPPLEMENTAL INFORMATION				
Authorized Capital Structure				
% Equity		36.4%	38.7%	42.1%
% Debt		63.6%	61.3%	57.9%
		100.0%	100.0%	100.0%
Ratebase				
End of Year		1,407.2	1,546.1	1,526.0
Average Annual		1,391.5	1,476.6	1,536.1
Authorized Cost of Capital				
Equity		N.A.	13%	13%
Debt		7.73%	7.73%	7.73%

GEN

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
INCOME STATEMENT				
Total Operating Revenues		1,472.5	1,492.4	1,509.7
Operating Expenses:				
Total Cost of Energy		95.7	89.5	93.8
M&O and A&G Costs		533.2	570.2	519.4
Depreciation		49.4	52.7	62.5
Property & Other Taxes		66.1	66.8	68.3
Total Operating Expenses		744.4	779.3	743.9
Operating Income		728.1	713.1	765.8
Total Interest Income		0.0	0.0	0.0
Total Interest Expense		196.8	196.8	193.2
Other Income		79.4	88.5	95.9
Pretax Income		610.7	604.8	668.4
Total Booked Income Taxes		247.4	245.0	271.0
Preferred Dividend Req		0.0	0.0	0.0
Total Earnings Avail for Common		363.3	359.8	397.5

GEN

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
BALANCE SHEET				
Assets:				
Plant in Service	9,513.9	9,603.5	9,703.4	9,912.0
Accumulated Depr	(8,640.3)	(8,689.8)	(8,742.5)	(8,804.9)
Net Plant	873.6	913.8	960.9	1,107.0
Construction Work In Progress	1.0	25.3	66.5	0.0
Other Noncurrent Assets	1,389.3	1,466.6	1,548.8	1,636.2
Total Long-term Assets	2,263.9	2,405.7	2,576.2	2,743.3
Current Assets:				
Short-term Investments (Net)	0.0	168.2	339.0	344.0
Accounts Receivable	200.3	181.5	184.0	186.1
Inventory—M&S	66.0	66.0	66.0	66.0
Other Current Assets	0.0	0.0	0.0	0.0
Total Current Assets	266.3	415.8	589.0	596.1
Deferred Charges	0.0	0.0	0.0	0.0
TOTAL ASSETS	2,530.1	2,821.5	3,165.2	3,339.4

GEN

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
Capitalization:				
Common Stock Equity	(1,183.2)	(996.4)	(755.8)	(590.0)
Preferred Stock (incl QUIDS)	0.0	0.0	0.0	0.0
Other Long-term Debt	2,400.0	2,400.0	2,400.0	2,226.7
Total Capitalization	1,216.8	1,403.6	1,644.2	1,636.7
Current Liabilities:				
Short-Term Borrowings	0.0	0.0	0.0	0.0
Accounts Payable	72.9	76.2	79.4	73.2
Long-Term Debt—Current	0.0	0.0	0.0	86.6
Interest Payable	0.0	0.0	0.0	0.0
Dividends Payable	0.0	0.0	0.0	0.0
Other Current Liabilities	0.0	0.0	0.0	0.0
Total Current Liabilities	72.9	76.2	79.4	159.9
Deferred Credits and Other NC Liabilities:				
Deferred Income Taxes	5.9	30.0	48.9	64.2
Deferred ITC	0.0	0.0	0.0	0.0
Other Deferred Credits	0.0	0.0	0.0	0.0
Other Noncurrent Liab.	1,234.6	1,311.8	1,392.6	1,478.6
Total Deferred Credits & NC Liab	1,240.5	1,341.8	1,441.5	1,542.8
TOTAL CAPITAL & LIABILITIES	2,530.1	2,821.5	3,165.2	3,339.4

GEN

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
		($Millions)		
CASH FLOW STATEMENT				
Cash Flows From Operations:				
Net Income		363.3	359.8	397.5
Depreciation		49.4	52.7	62.5
Change in Deferred Taxes		24.1	18.9	15.3
Change in Accts Receivable		18.7	(2.4)	(2.1)
Change in Inventories		0.0	0.0	0.0
Change in Accts Payable		3.3	3.3	(6.2)
Change in Accrued Taxes Payable		0.0	0.0	0.0
Change in Other Working Capital		0.0	0.0	0.0
Other Net Cash from Operations		(0.1)	(1.4)	(1.4)
Net Cash from Operations		458.7	430.8	465.5
Investing Activities:				
Capital Expenditures		(113.9)	(141.0)	(142.1)
Other Net Investing Activities		0.0	0.0	0.0
Net Cash Used In Investing		(113.9)	(141.0)	(142.1)
Financing Activities:				
Common Stock Issued (Repurchased)		(176.5)	(119.1)	(231.8)
Preferred Stock Issued		0.0	0.0	0.0
Preferred Stock redeemed		0.0	0.0	0.0
Long-term Debt issued		0.0	0.0	0.0
Long-term Debt matured/redeemed		0.0	0.0	(86.6)
Long-term Debt purch/sinking		0.0	0.0	0.0
Change in Short-term Position		0.0	0.0	0.0
Dividends Disbursed		0.0	0.0	0.0
Other Net Financing Activities		(168.2)	(170.7)	(5.0)
Net Cash Used In Financing		(344.8)	(289.8)	(323.4)
Net Change in Cash		0.0	0.0	0.0

EXHIBIT D TO THE DISCLOSURE STATEMENT

Schedule of Currently Outstanding Securities of the Debtor

Type of Security	Security Description	Class	CUSIP
First and Refunding Mortgage Bond	8.800%	3a	694308 DV6
First and Refunding Mortgage Bond	8.3750%	3a	694308 EF0
First and Refunding Mortgage Bond	8.2500%	3a	694308 EG8
First and Refunding Mortgage Bond	7.2500%	3a	694308 EM5
First and Refunding Mortgage Bond	6.2500%	3a	694308 EU7
First and Refunding Mortgage Bond	7.2500%	3a	694308 EV5
First and Refunding Mortgage Bond	5.8750%	3a	694308 EW3
First and Refunding Mortgage Bond	6.7500%	3a	694308 EY9
First and Refunding Mortgage Bond	6.2500%	3a	694308 FA0
First and Refunding Mortgage Bond	7.0500%	3a	694308 FB8
First and Refunding Mortgage Bond	Floating, Series 81B	3a	694308 XA0
First and Refunding Mortgage Bond	6.625%	3b	694308 XG0
First and Refunding Mortgage Bond	6.350%	3b	694308 XH0
First and Refunding Mortgage Bond	5.875%	3b	694308 XI0
First and Refunding Mortgage Bond	5.850%	3b	694308 XJ0
First Preferred Stock	5% Non-Redeemable	13	694308 404
First Preferred Stock	5.5% Non-Redeemable	13	694308 305
First Preferred Stock	6% Non-Redeemable	13	694308 206
First Preferred Stock	4.36% Redeemable	13	694308 883
First Preferred Stock	4.50% Redeemable	13	694308 800
First Preferred Stock	4.80% Redeemable	13	694308 701
First Preferred Stock	5% Redeemable Series D	13	694308 503
First Preferred Stock	5% Redeemable Series E	13	694308 602
First Preferred Stock	6.30% Redeemable	13	694308 651
First Preferred Stock	6.57% Redeemable	13	694308 693
First Preferred Stock	7.04% Redeemable	13	694308 685
Commercial Paper	Maturity Date 1/17/01	5	69430J NH2
Commercial Paper	Maturity Date 1/18/01	5	69430J NJ8
Commercial Paper	Maturity Date 1/19/01	5	69430J NK5
Commercial Paper	Maturity Date 1/22/01	5	69430J NN9
Commercial Paper	Maturity Date 1/23/01	5	69430J NP4
Commercial Paper	Maturity Date 1/24/01	5	69430J NQ2
Commercial Paper	Maturity Date 1/26/01	5	69430J NS8
Commercial Paper	Maturity Date 1/29/01	5	69430J NV1
Commercial Paper	Maturity Date 1/30/01	5	69430J NW9
Commercial Paper	Maturity Date 1/31/01	5	69430J NX7
Commercial Paper	Maturity Date 2/2/01	5	69430J P23
Commercial Paper	Maturity Date 2/5/01	5	69430J P56
Commercial Paper	Maturity Date 2/6/01	5	69430J P64
Commercial Paper	Maturity Date 2/8/01	5	69430J P80
Commercial Paper	Maturity Date 2/9/01	5	69430J P98
Commercial Paper	Maturity Date 2/12/01	5	69430J PC1
Commercial Paper	Maturity Date 2/13/01	5	69430J PD9
Commercial Paper	Maturity Date 2/15/01	5	69430J PF4
Commercial Paper	Maturity Date 2/16/01	5	69430J PG2
Commercial Paper	Maturity Date 2/20/01	5	69430J PL1
Commercial Paper	Maturity Date 2/22/01	5	69430J PN7

Type of Security	Security Description	Class	CUSIP
Commercial Paper	Maturity Date 2/27/01	5	69430J PT4
Commercial Paper	Maturity Date 2/28/01	5	69430J PU1
Commercial Paper	Maturity Date 3/1/01	5	69430J Q14
Commercial Paper	Maturity Date 3/6/01	5	69430J Q63
Commercial Paper	Maturity Date 3/9/01	5	69430J Q97
Commercial Paper	Maturity Date 3/12/01	5	69430J QC0
Commercial Paper	Maturity Date 3/14/01	5	69430J QE6
Commercial Paper	Maturity Date 3/16/01	5	69430J QG1
Commercial Paper	Maturity Date 3/26/01	5	69430J QS5
Commercial Paper	Maturity Date 3/29/01	5	69430J QV8
Commercial Paper	Maturity Date 3/30/01	5	69430J QW6
Deferrable Interest Subordinated Debentures (1)	7.90% Series A	11	694308 GA9
Pollution Control Bonds	6.625%	4a	130534 UJ7
Pollution Control Bonds	6.350%	4a	130534 UP3
Pollution Control Bonds	5.875%	4a	130534 UY4
Pollution Control Bonds	5.850%	4a	130534 VA5
Pollution Control Bonds	5.350%	4b	130534 WY2
Pollution Control Bonds	Floating	4d	130534 XA3
Pollution Control Bonds	Floating	4d	130534 XX3
Pollution Control Bonds	Floating	4d	130534 XD7
Pollution Control Bonds	Floating	4d	130534 XL9
Prior Bond Claims	Floating	4f	No CUSIP
Pollution Control Bonds (in treasury)	Floating	4g	130534XM7
Pollution Control Bonds (in treasury)	Floating	4g	130534XE5
Southern San Joaquin Valley Power Authority Bonds	12.000%	5	843787 AG7
Southern San Joaquin Valley Power Authority Bonds	9.000%	5	843787 AH5
Southern San Joaquin Valley Power Authority Bonds	9.150%	5	843787 AJ1
Southern San Joaquin Valley Power Authority Bonds	9.300%	5	843787 AK8
Southern San Joaquin Valley Power Authority Bonds	9.400%	5	843787 AL6
Southern San Joaquin Valley Power Authority Bonds	9.450%	5	843787 AM4
Southern San Joaquin Valley Power Authority Bonds	9.450%	5	843787 AN2
Southern San Joaquin Valley Power Authority Bonds	9.600%	5	843787 AU6
Bank Line	Floating	5	No CUSIP
DWR	7.400%	5	No CUSIP
Floating Rate Notes	Floating Rate Note	5	694308 FT9
Floating Rate Notes	Floating Rate Note	5	U69430 AB9
Senior Notes	7.375% Senior Note	5	694308 FU6
Senior Notes	7.375% Senior Note	5	U69430 AC7
Medium-Term Notes B	8.180%	5	69430T AT8
Medium-Term Notes B	8.200%	5	69430T AY7
Medium-Term Notes B	8.120%	5	69430T BN0
Medium-Term Notes B	8.130%	5	69430T BL4
Medium-Term Notes B	8.120%	5	69430T BR1
Medium-Term Notes B	7.950%	5	69430T BT7
Medium-Term Notes B	7.930%	5	69430T BX8
Medium-Term Notes B	7.960%	5	69430T CB5
Medium-Term Notes B	8.000%	5	69430T CD1
Medium-Term Notes B	7.960%	5	69430T CF6

1 Holders of Claims in this Class currently hold Cumulative Quarterly Income Preferred Securities (CUSIP 69331F 200) which are to be exchanged for the security listed.

Type of Security	Security Description	Class	CUSIP
Medium-Term Notes B	7.970%	5	69430T CG4
Medium-Term Notes B	7.960%	5	69430T CK5
Medium-Term Notes B	7.970%	5	69430T CL3
Medium-Term Notes B	8.450%	5	69430T CM1
Medium-Term Notes B	7.750%	5	69430T DA6
Medium-Term Notes B	7.500%	5	69430T CZ2
Medium-Term Notes B	7.375%	5	69430T DB4
Medium-Term Notes B	7.670%	5	69430T DK4
Medium-Term Notes B	7.650%	5	69430T DP3
Medium-Term Notes B	8.140%	5	69430T DS7
Medium-Term Notes C	7.660%	5	69430T DV0
Medium-Term Notes C	7.650%	5	69430T DW8
Medium-Term Notes C	8.140%	5	69430T DZ1
Medium-Term Notes C	7.730%	5	69430T EB3
Medium-Term Notes C	8.270%	5	69430T EC1
Medium-Term Notes C	7.560%	5	69430T EG2
Medium-Term Notes C	8.040%	5	69430T EK3
Medium-Term Notes C	6.290%	5	69430T EV9
Medium-Term Notes C	6.680%	5	69430T FR7
Medium-Term Notes C	7.570%	5	69430T FX4
Medium-Term Notes C	5.940%	5	69430T GP0
Medium-Term Notes C	6.710%	5	69430T GH8
Medium-Term Notes C	5.810%	5	69430T GT2
Medium-Term Notes C	5.930%	5	69430T GR6
Medium-Term Notes C	6.030%	5	69430T GS4
Medium-Term Notes D	6.280%	5	69430T HG9
Medium-Term Notes D	6.220%	5	69430T HS3
Medium-Term Notes D	6.350%	5	69430T HT1
Medium-Term Notes D	6.550%	5	69430T HQ7
Medium-Term Notes D	6.480%	5	69430T HY0
Medium-Term Notes D	6.240%	5	69430T JC6
Medium-Term Notes D	6.420%	5	69430T JG7
Medium-Term Notes D	7.400%	5	69430T JL6
Medium-Term Notes D	7.880%	5	69430T JM4

EXHIBIT E TO THE DISCLOSURE STATEMENT

Summary of Terms of Debt Securities

I. New Money Notes

Issuers	1. ETrans; 2. GTrans; 3. Gen; and 4. Reorganized Debtor. In the case of ETrans, GTrans and Gen, a subsidiary or affiliate of each respective issuer may be a co-issuer or guarantor of the New Money Notes.
Amount[1]	ETrans—$400,000,000 GTrans—$400,000,000 Gen—$850,000,000[2] Reorganized Debtor—$3,706,000,000[3]
Credit Rating	At least BBB- by S&P and Baa3 by Moody's.
Coupon Rate	The coupon rates are expected to reflect market clearing yields for a primary offering for comparable maturity and size of issue at the time of issuance of issuers in the same industry with the same credit rating, among other factors. The coupon rate on the New Money Notes issued by ETrans, GTrans and Gen will increase in an amount equal to the increase in the "Option Adjusted Spread," as quoted in the Lehman Brothers Electrical Utility Corporate Bond Index (the "Electric Index") between the Initial Measurement Date (as defined below) and the Final Measurement Date (as defined below), rounded to the nearest basis point and subject to the maximum increase of twenty-five (25) basis points. "Initial Measurement Date" shall mean the date of the last Electric Index quotation occurring prior to the date upon which the pricing of the New Money Notes of each of ETrans, GTrans and Gen occurs (the "Pricing Date") and the "Final Measurement Date" shall mean the date of the next Electric Index quotation occurring on or after the twentieth (20th) trading day after the Pricing Date.
Maturity	Up to thirty (30) years from issuance; actual maturities will depend on market conditions at the date of issuance and otherwise balance any desire by the issuer to stagger maturities with size of issue requirements for secondary market liquidity.[4]

1 Each amount is net of underwriting discounts and commissions.

2 To the extent that the aggregate estimated amount of Allowed Claims at the Effective Date is greater than those on which the amounts of Long-Term Notes were based, it is expected that the amount of Gen Long-Term Notes will be increased and the amount of Gen New Money notes will be decreased by an approximately equal amount. In such event, the amount of Reorganized Debtor New Money Notes would be increased by approximately the amount of the increase in the estimated amount of Allowed Claims at the Effective Date.

3 *See* footnote above. If the Prior Reimbursement Agreements described under Class 4f are sold, which is the alternative to payment of the related Reimbursement Obligations in Cash, the amount of Reorganized Debtor New Money Notes may be reduced by up to $450,000,000.

4 ETrans will issue notes of a single maturity and GTrans will issue notes of a single maturity.

Amortization . . . . A portion of the New Money Notes issued by Gen may amortize over an average life of not less than ten (10) years; the balance of the New Money Notes issued by Gen and all other New Money Notes will provide for principal payment at maturity.

Denominations $1,000

Interest Payment Date . . . . Semi-annually.

Ranking . . . . *Pari passu* with other unsecured notes, including in the case of ETrans, GTrans and Gen, Long-Term Notes issued to holders of claims in Classes 4e (if any), 5, 6 and 7, and the QUIDS Notes. In the case of the Reorganized Debtor, the New Mortgage Bonds will effectively rank prior to the New Money Notes.

Optional Redemption . . . . The New Money Notes are expected to be redeemable at the option of the issuer at any time in whole or in part, at a price equal to the aggregate of the principal amount to be redeemed, accrued and unpaid interest, and a "make whole premium." The amount of the "make whole premium" is expected to reflect market conditions at the time of issuance and be determined by negotiation between the issuer and the underwriter(s). The actual calculation in the event redemption is effected is expected to be made by an independent investment banking institution of national standing.

Covenants . . . . The indenture (and any supplemental indentures) under which the New Money Notes will be issued is expected to include covenants in respect of actions the issuer must take or is precluded from taking similar to those included in indentures governing long-term notes of comparable credit rating at the time of the issuance of the New Money Notes, including, but not limited to, limitations on liens.

Events of Default . . . .

- Nonpayment of interest when due after a thirty (30) day grace period.
- Nonpayment of principal or premium at maturity.
- Breach of covenant or warranty in the indenture and continuation of such breach for ninety (90) days after notice is given to the issuer.
- Occurrence of event or condition which results in acceleration of a bond, debenture, note or other evidence of money borrowed or the issuer does not honor its guarantee of any such debt guaranteed by the issuer in the event of such acceleration with an aggregate outstanding principal amount of more than $50,000,000, and such indebtedness is not discharged or acceleration is not rescinded within thirty (30) days after notice to the issuer.
- Entry of decree or order for relief in an involuntary case under federal or state bankruptcy law or similar laws or adjudging the issuer or any significant subsidiary to be bankrupt or insolvent or appointing custodian, receiver, etc., which decree or order remains in effect for ninety (90) days.

- Commencing a voluntary case under federal or state bankruptcy law or other similar law; making an assignment for the benefit of creditors; admission in writing of inability to pay debts when due.

Amendments	• Ministerial amendments may be adopted without noteholder consent. • Modifications and amendments may be made by the issuer and the trustee with the consent of a majority in principal amount of each series affected. • Amendments to certain specified economic terms of any series of notes (*e.g.*, maturity date, percentage of outstanding notes required to approve certain matters) may be adopted only with the consent of each noteholder of the series affected thereby.
Registration/Exemption	Initial issuance of New Money Notes will be registered under the Securities Act.
Listing	New York Stock Exchange or over-the-counter.
Initial Trading Procedures	None.

II. Long-Term Notes (To be issued to holders of Allowed Claims in Classes 4(e), if any, 5, 6 and 7)

Issuers	1. ETrans; 2. GTrans; and 3. Gen. A subsidiary or affiliate of each respective issuer may be a co-issuer or guarantor of the Long-Term Notes.
Amount[5]	ETrans—$650,000,000 GTrans—$500,000,000 Gen—$1,250,000,000[6]
Credit Rating	At least BBB- by S&P and Baa3 by Moody's.
Coupon Rate	The coupon rates will be identical to the coupon rates for New Money Notes of the same maturity at the time of issuance of the Long-Term Notes; if there is no comparable maturity, the coupon rate will be set in consultation with the syndicate of book-running managers of the applicable New Money Notes to initially price such Long-Term Notes at par. In either case, the coupon rate on the Long-Term Notes issued

[5] Each amount is subject to reduction in an amount equal to the Cash to be paid by the Debtor in lieu of the respective fractional Long-Term Notes and by an amount equal to the issuing entity's proportionate share of the reduction in Long-Term Notes from the use of Excess Cash to satisfy Claims.

[6] To the extent that the aggregate estimated amount of Allowed Claims at the Effective Date is greater than those on which these amounts were based, it is expected that the amount of Gen Long-Term Notes will be increased and the amount of Gen New Money Notes will be decreased by an approximately equal amount. In such event, the amount of Reorganized Debtor Notes would be increased by approximately the amount of the increase in the estimated amount of Allowed Claims at the Effective Date.

	by ETrans, GTrans and Gen will increase in an amount equal to the increase in the "Option Adjusted Spread," as quoted in the "Electric Index" between the Initial Measurement Date and the Final Measurement Date, rounded to the nearest basis point and subject to a maximum increase of twenty-five (25) basis points.
Maturity	Up to thirty (30) years from issuance; actual maturities will depend on market conditions at the date of issuance and otherwise balance the issuer's need to stagger maturities with size of issue requirements for secondary market liquidity; *provided, however*, that at least fifty percent (50%) of the Long-Term Notes issued by ETrans and GTrans shall have a maturity of ten (10) years.
Amortization	The Long-Term Notes issued by Gen will amortize over an average life of not less than ten (10) years; the balance of the Long-Term Notes will provide for principal payment at maturity.
Denominations	$1,000
Interest Payment Date	Semi-annually.
Ranking	*Pari passu* with other unsecured notes, including the New Money Notes and the QUIDS Notes.
Optional Redemption	The optional redemption provisions will be identical to those of the New Money Notes.
Covenants	The covenants will be identical to those of the New Money Notes.
Events of Default	The events of default will be identical to those of the New Money Notes.
Amendments	Amendment procedures will be identical to those of the New Money Notes.
Registration/Exemption/ Resale	The Long-Term Notes will be issued and distributed pursuant to an exemption from registration provided under section 1145 of the Bankruptcy Code. Notwithstanding the fact that such exemption would generally cover resales of the Long-Term Notes by holders thereof, ETrans, GTrans and Gen will file registration statements covering their respective Long-Term Notes that may be used in connection with resales of the Long-Term Notes.
Listing	New York Stock Exchange or over-the-counter.
Initial Trading Procedures	The initial holders of the Long-Term Notes will be permitted to sell such Long-Term Notes upon distribution, if they elect to do so, either under section 1145 of the Bankruptcy Code or pursuant to the resale registration statements to be filed by ETrans, GTrans and Gen; *provided, however*, that, in either case, if such initial sale is made

within ten (10) days after the distribution of the Long-Term Notes, such sale must be conducted through one of the book-running managers of the New Money Notes offerings.

III. QUIDS Notes (To be issued to holders of Allowed Claims in Class 11)

Issuer	Gen A subsidiary or affiliate of Gen may be co-issuer or guarantor of the QUIDS Notes.
Amount[7]	$300,000,000
Credit Rating	At least BBB- by S&P and Baa3 by Moody's.
Coupon Rate	The coupon interest rate will be identical to coupon rates for Gen New Money Notes of the same maturity at the time of issuance of the QUIDS Notes; if there is no comparable maturity, coupon rate will be set in consultation with the syndicate of book-running managers of the Gen New Money Notes to initially price the QUIDS Notes at par.
Maturity	Up to thirty (30) years from issuance; actual maturity will depend on market conditions at the date of issuance and otherwise balance any desire by Gen to stagger maturities.
Amortization	To be determined—the QUIDS Notes will either amortize over an average life of not less than ten (10) years or provide for principal payment at maturity.
Denomination	$25
Interest Payment Date	Semi-annually.
Ranking	*Pari passu* with other unsecured notes, including the New Money Notes and the Long-Term Notes.
Optional Redemption	The optional redemption provisions will be identical to those of the New Money Notes.
Events of Default	The events of default will be identical to those of the New Money Notes.
Amendments	Amendment procedures will be identical to those of the New Money Notes.
Covenants	The covenants will be identical to those of the New Money Notes.
Registration/Exemption	The QUIDS Notes will be issued and distributed pursuant to an exemption from registration provided under section 1145 of the Bankruptcy Code.

[7] Such amount is subject to reduction in an amount equal to the Cash to be paid by the Debtor in lieu of fractional QUIDS Notes.

Listing	American Stock Exchange.
Initial Trading Procedures	None.

IV. New Mortgage Bonds

Issuer	Reorganized Debtor
Amount	$345,000,000
Coupon Rate and Maturity	Identical to currently outstanding Mortgage Bonds.
Amortization	Identical to currently outstanding Mortgage Bonds.
Credit Rating	N/A
Denomination	$1,000
Interest Payment Date	Identical to currently outstanding Mortgage Bonds.
Ranking	All bonds of all series are *pari passu* with one another; generally senior to all other debt.
Redemption	Identical to currently outstanding Mortgage Bonds.
Collateral	Subject to listed exceptions, secured by a first Lien (as defined below) on all fixed and personal property, shares of stock deposited with the trustee and choses in action, including after-acquired property (subject to Liens existing at acquisition).
Exceptions to Collateral	The amended and restated Mortgage will expressly exclude from the collateral "excepted property"—cash and securities not paid, deposited or held under the indenture, contracts and other agreements, contract rights, bills, notes and other instruments, accounts receivable, claims and judgments, governmental and other licenses and permits etc., intellectual property rights and other general intangibles, vehicles and other movable equipment, goods, materials and inventory held for sale in the ordinary course or consumable, products produced, furniture and fixtures, computers, data processing and telecommunications facilities used primarily for administrative or clerical purposes or not otherwise used in the Reorganized Debtor's core business, and mineral rights.
Covenants	The Reorganized Debtor will not create or permit any debt, Lien or charge which will be prior to the Lien of the indenture upon the mortgaged property or upon the income derived therefrom except for: • Mortgages, pledges, liens, charges, security interests or encumbrances ("Liens") on the assets of the Reorganized Debtor in existence on the date of the indenture (including all Liens contemplated by the Plan) and to the extent the Reorganized Debtor merges into another entity, Liens on the assets of such entity on the date of merger;

- Liens on property pledged to ensure the payment of principal and interest on debt issued to finance or refinance some or all of the undercollection reflected in the Reorganized Debtor's TRA or comparable account or Liens otherwise created in connection with the issuance of tax-exempt debt securities;
- Pledges or deposits by the Reorganized Debtor under worker's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits, Liens imposed by law, Liens for property taxes, minor restrictions as to the use of real properties, Liens incidental to the conduct of the business of the Reorganized Debtor and other customary permitted Lien exceptions;
- Liens constituting purchase money security interests and Liens related to construction and acquisition of property; and
- Liens incurred in connection with sale-leaseback transactions by the Reorganized Debtor.

Notwithstanding the above, the Reorganized Debtor may create, assume or guarantee secured debt which would otherwise be subject to the foregoing restrictions, *provided* that, after giving effect thereto, the aggregate amount of all secured debt then outstanding (not including secured debt permitted under the foregoing exceptions) at such time does not exceed ten percent (10%) of the consolidated net tangible assets (as defined in the amended and restated Mortgage) of the Reorganized Debtor.

Events of Default . . . . Events of default will be identical to those of the New Money Notes.

Release of Collateral . . . . The amended and restated Mortgage will include standard provisions permitting the Reorganized Debtor to obtain the release of property from the lien of the Indenture.

The Reorganized Debtor may also obtain, without any release or consent by the Trustee, the release of property at any time, provided that, after such release, the Reorganized Debtor's consolidated net assets equal or exceed six (6) times the aggregate principal amount of Mortgage Bonds then outstanding.

Amendments . . . .

- Ministerial amendments may be adopted without bondholder consent.
- Modification and amendments may be made by the Reorganized Debtor and the trustee with the consent of a majority in principal amount of each series affected.
- Amendments to certain specified economic terms of any series of bonds (*e.g.*, maturity date, percentage of outstanding bonds required to approve certain matters, conversion rights, creation of prior lien) may be adopted only with the consent of each bondholder of the series affected thereby.

Registration/Exemption	The New Mortgage Bonds will be issued and distributed pursuant to an exemption from registration provided under section 1145 of the Bankruptcy Code.
Listing	None.
Initial Trading Procedures	None.

EXHIBIT F-1 TO THE DISCLOSURE STATEMENT

Assets to be Transferred to ETrans

The Debtor will transfer to ETrans all of the Debtor's right, title and interest in and to the ETrans Assets. Without limiting the foregoing, the ETrans Assets will include:

(a) all of the operational facilities used or held for use in connection with the ETrans Business, including high voltage transmission lines (60kV and above), telecommunications network and infrastructure, and towers, poles, cables and underground conduits, substations, transmission control centers and associated operating systems, junctions, transmission switching stations and associated equipment, other than those used solely to serve individual retail customers;

(b) all fee interests in real property, real property leases, easements and rights of way, mineral, oil and gas and other subsurface rights, development rights, air rights and water rights, and all other rights or agreements relating to real property used or held for use primarily in connection with the ETrans Business, together with any improvements and fixtures located thereon used or held for use primarily in connection with the ETrans Business;

(c) all tangible personal property primarily used or held for use in connection with the ETrans Business, including all personal property leases, office furniture, equipment, furnishings and supplies, computers, printers and related equipment, telecommunications equipment, reports, manuals, lists and other files, airplanes, vehicles and rolling stock, and inventories, including inventories of work in process, stores, supplies and finished goods and inventories in storage, and fuel stock, fuel supplies, tools, parts, materials (including construction materials) and other supplies and certain books, records and documents;

(d) certain intellectual property used or held for use primarily in connection with the ETrans Business, including trademarks, servicemarks and trade names, copyrights, registrations and applications for copyrights, issued patents and applications for patents, domain name registrations and any applications therefor, toll-free telephone numbers, trade secrets, know-how, confidential information, technical information, proprietary information, process technology, plans, drawings, analytical and process methods, designs, inventions (whether patentable or unpatentable and whether or not reduced to practice), creative materials, new product or service development materials and records, research and development procedures, operating and other data, license agreements, and proprietary software;

(e) all governmental permits, licenses, certificates, approvals, authorizations, consents, orders and variances used or held for use primarily in connection with the ETrans Business issued by any Governmental Entity to the Debtor (or its predecessor in interest), as amended from time to time, and applications therefor;

(f) all contracts, guaranties, agreements, commitments, purchase orders and sales orders primarily relating to the ETrans Business;

(g) specified notes receivable, if any;

(h) certain accounts receivable that arose primarily from the conduct of the ETrans Business and certain other rights of the Debtor to receive payment for services primarily related to the ETrans Business;

(i) all security or similar deposits and prepaid expenses (including any security deposits or prepaid rent under the real property leases and personal property leases assigned to ETrans) made by the Debtor primarily in connection with the ETrans Business;

(j) the ETrans Business as a going concern and all goodwill primarily associated with the ETrans Business or the ETrans Assets;

(k) all pending claims of the Debtor that are related to the ETrans Business;

(l) certain rights and claims under insurance policies and insurance contracts (other than life and benefits policies or contracts) held by the Debtor or the Parent as described in the Master Separation Agreement;

(m) all contingent gains related exclusively to the ETrans Business; and

(n) the assets used or held for use primarily in connection with the Debtor's proprietary telecommunications network system for voice and data, including telecommunications towers, antennas and facilities, telecommunications circuits, and analog and digital microwave equipment.

The transfer to ETrans will exclude all of the Debtor's right, title and interest in and to all rights, properties and assets owned by the Debtor, or in which the Debtor has an interest, that are used or held for use primarily in connection with, or primarily relate to or primarily arose out of the conduct of, the electric distribution business currently conducted by the Debtor, which will be retained by the Debtor.

Certain assets used in connection with the ETrans Business will be retained by the Debtor or transferred to GTrans or Gen or one or more of their affiliates because such assets are used primarily in connection with a business other than the ETrans Business, and with respect to certain of such assets the Debtor, GTrans or Gen shall, or shall cause their affiliates to, grant ETrans (or its affiliates or subsidiaries) easements, leases or other rights necessary for use of such assets by ETrans.

EXHIBIT F-2 TO THE DISCLOSURE STATEMENT

Assets to be Transferred to GTrans

The Debtor will transfer to GTrans all of the Debtor's right, title and interest in and to the GTrans Assets. Without limiting the foregoing, the GTrans Assets will include:

(a) all of the operational facilities used or held for use in connection with the GTrans Business, including the GTN segment acquired by the Debtor, control centers, underground gas storage fields, local gas storage facilities, backbone transmission gas pipelines, local transmission gas pipelines and distribution feeder main gas pipelines operating above 60 psig and the service gas pipelines associated with transmission level customers connected to the backbone transmission gas pipelines and local transmission gas pipelines, district regulator stations that reduce the gas pressure from above 60 psig to 60 psig or below and compressors, regulators and measuring stations;

(b) all fee interests in real property, real property leases, easements and rights of way, mineral, oil and gas and other subsurface rights, development rights, air rights and water rights, and all other rights or agreements relating to real property used or held for use primarily in connection with the GTrans Business, together with any improvements and fixtures located thereon used or held for use primarily in connection with the GTrans Business;

(c) all capital stock and other equity securities and membership and partnership interests held by the Debtor or an affiliate of the Debtor and issued by entities engaged in, or primarily related to, the GTrans Business, including the common stock of Standard Pacific, together with a note for approximately $20 million from Standard Pacific to the Debtor, and the common stock of Pacific California Gas Systems, Inc.;

(d) all tangible personal property primarily used or held for use in connection with the GTrans Business, including all personal property leases, office furniture, equipment, furnishings and supplies, computers, printers and other information technology assets, telecommunications equipment, reports, manuals, lists and other files, airplanes, vehicles and rolling stock, raw materials and inventories, including inventories of work in process, stores, supplies and finished goods and inventories in storage, and fuel stock, fuel supplies, tools, parts, materials (including construction materials) and other supplies and certain books, records and documents;

(e) all intellectual property used or held for use primarily in connection with the GTrans Business, including issued trademarks, servicemarks and trade names, copyrights, registrations and applications for copyrights, patents and applications for patents, domain name registrations and any applications therefor, toll free telephone numbers, trade secrets, know-how, confidential information, technical information, proprietary information, process technology, plans, drawings, analytical and process methods, designs, inventions (whether patentable or unpatentable and whether or not reduced to practice), creative materials, new product or service development materials and records, research and development procedures, operating and other data, license agreements, and proprietary software;

(f) all governmental permits, licenses, certificates, approvals, authorizations, consents, orders and variances used or held for use primarily in connection with the GTrans Business issued by any Governmental Entity to the Debtor (or its predecessor in interest), as amended from time to time, and applications therefor;

(g) all contracts, guaranties, agreements, commitments, purchase orders and sales orders primarily relating to the GTrans Business;

(h) specified notes receivable, if any;

(i) certain accounts receivable that arose primarily from the conduct of the GTrans Business and certain other rights of the Debtor to receive payment for services primarily related to the GTrans Business;

(j) all pending claims of the Debtor that are related to the GTrans Business;

(k) all security or similar deposits and prepaid expenses (including any security deposits or prepaid rent under the real property leases and personal property leases assigned to GTrans) made by the Debtor primarily in connection with the GTrans Business;

(l) the GTrans Business as a going concern and all goodwill primarily associated with the GTrans Business or the GTrans Assets;

(m) certain rights and claims under insurance policies and insurance contracts (other than life and benefits policies or contracts) held by the Debtor or the Parent as described in the Master Separation Agreement; and

(n) all contingent gains related exclusively to the GTrans Business.

The transfer to GTrans will exclude all of the Debtor's right, title and interest in and to all rights, properties and assets owned by the Debtor, or in which the Debtor has an interest, that are used or held for use primarily in connection with, or primarily relate to or primarily arise out of the conduct of, the local gas distribution and gas gathering businesses currently conducted by the Debtor, which will be retained by the Debtor.

Certain assets used in connection with the GTrans Business will be retained by the Debtor or transferred to ETrans or Gen or one or more of their affiliates because such assets are used primarily in connection with a business other than the GTrans Business, and with respect to certain of such assets the Debtor, ETrans or Gen shall, or shall cause their affiliates to, grant GTrans (or its affiliates or subsidiaries) easements, leases or other rights necessary for use of such assets by GTrans.

EXHIBIT F-3 TO THE DISCLOSURE STATEMENT

Assets to be Transferred to Gen

The Debtor will transfer to Gen and its subsidiaries all of the Debtor's right, title and interest in and to the Gen Assets. Without limiting the foregoing, the Gen Assets will include:

(a) the Debtor's hydroelectric generating facilities, including all water conveyance and water storage facilities, powerhouses, generating equipment (turbines and generators) and transmission interconnection equipment (such as step-up transformers and transmission lines), but excluding the Lime Saddle and Coal Canyon non-FERC hydroelectric facilities (and their associated lands, appurtenances and water contracts);

(b) the Debtor's Diablo Canyon Power Plant, including generating equipment (turbines and generators) and transmission interconnection equipment (such as step-up transformers), and all related and associated facilities, property and equipment, and the beneficial interests in the Trusts related to Diablo Canyon;

(c) all fee interests in real property, real property leases, easements and rights of way, mineral, oil and gas and other subsurface rights, development rights, air rights and water rights, and all other rights or agreements relating to real property used or held for use primarily in connection with the Gen Business, together with any improvements and fixtures located thereon used or held for use primarily in connection with the Gen Business;

(d) all capital stock and other equity securities and membership and partnership interests held by the Debtor or an affiliate of the Debtor and issued by entities engaged in or primarily related to the Gen Business, including the Debtor's membership in Nuclear Electric Insurance Limited and the common stock of Eureka;

(e) all tangible personal property primarily used or held for use in connection with the Gen Business, including all personal property leases, office furniture, equipment, furnishings and supplies, computers, printers and related equipment, telecommunications equipment, reports, manuals, lists and other files, airplanes, vehicles and rolling stock, raw materials and inventories, including inventories of work in process, stores, supplies and finished goods and inventories in storage, and fuel stock, fuel supplies, tools, parts, materials (including construction materials) and other supplies and certain books, records and documents;

(f) all intellectual property used or held for use primarily in connection with the Gen Business, including trademarks, servicemarks and trade names, copyrights, registrations and applications for copyrights, issued patents and applications for patents, domain name registrations and pending applications therefor, toll-free telephone numbers, trade secrets, know-how, confidential information, technical information, proprietary information, process technology, plans, drawings, analytical and process methods, designs, inventions (whether patentable or unpatentable and whether or not reduced to practice), creative materials, new product or service development materials and records, research and development procedures, operating and other data, license agreements, and proprietary software;

(g) all governmental permits, licenses, certificates, approvals, authorizations, consents, orders and variances used or held for use primarily in connection with the Gen Business issued by any Governmental Entity to the Debtor (or its predecessor in interest), as amended from time to time, and applications therefor, including all FERC hydroelectric licenses and NRC licenses;

(h) all contracts, guaranties, agreements, commitments, purchase orders and sales orders primarily relating to the Gen Business, including irrigation district and water agency contracts;

(i) specified notes receivable, if any;

(j) certain accounts receivable that arose primarily from the conduct of the Gen Business and certain other rights of the Debtor to receive payment for services that arose primarily from the conduct of the Gen Business;

(k) all security or similar deposits and prepaid expenses (including any security deposits or prepaid rent under the real property leases and personal property leases assigned to Gen) made by the Debtor primarily in connection with the Gen Business;

(l) the Gen Business as a going concern and all goodwill primarily associated with the Gen Business or the Gen Assets;

(m) all pending claims of the Debtor that are related to the Gen Business;

(n) certain rights and claims under insurance policies and insurance contracts (other than life and benefits policies or contracts) held by the Debtor or the Parent as described in the Master Separation Agreement, including policies issued by Nuclear Electric Insurance Limited;

(o) the assets used in connection with the geosciences business, including certain records, reports and intellectual property;

(p) all of the outstanding stock of Pacific Energy Fuels Company; and

(q) all contingent gains related exclusively to the Gen Business.

The transfer to Gen will exclude all of the Debtor's right, title and interest in and to all rights, properties and assets owned by the Debtor, or in which the Debtor has an interest, that are used or held for use primarily in connection with, or primarily relate to or primarily arise out of the conduct of, the electric distribution business currently conducted by the Debtor, which will be retained by the Debtor.

Certain assets used in connection with the Gen Business will be retained by the Debtor or transferred to ETrans or GTrans or one or more of their affiliates because such assets are used primarily in connection with a business other than the Gen Business, and with respect to certain of such assets the Debtor, ETrans or GTrans shall, or shall cause their affiliates to, grant Gen (or its affiliates or subsidiaries) easements, leases or other rights necessary for use of such assets by Gen.

EXHIBIT G TO THE DISCLOSURE STATEMENT

Summary of FERC, SEC and NRC Applications

On November 30, 2001, filings were submitted to the FERC and the NRC for authorizations related to Plan implementation. On January 31, 2002, an application was submitted to the SEC for authorization related to Plan implementation. The authorizations sought from the FERC and the NRC are requested to be issued in advance of the proposed Effective Date. However, the asset transfers and restructuring for which authorization is sought, and the effective date of new rate schedules, would not occur until the Effective Date.

1. Section 203 (FPA)

Section 203 of the FPA requires a public utility to obtain FERC authorization for the disposition of facilities, including contracts, books, and records, used for the transmission of electric energy in interstate commerce or for the sale at wholesale of power in interstate commerce. The Debtor and the Parent have filed an application pursuant to Section 203 of the FPA requesting FERC approval for the transfer to ETrans and Gen of ownership of jurisdictional transmission assets, associated contracts for transmission-related services and the sale of power at wholesale; for the subsequent spin-off of the Reorganized Debtor from the Parent; and related matters. Accompanying testimony explains how the proposed restructuring and Reorganized Debtor Spin-Off enable the Reorganized Debtor, Gen, ETrans and GTrans to generate cash and support the debt required to enable the Debtor to emerge from bankruptcy. The application also sets forth ETrans' commitment that it will join a western RTO approved by the FERC and GTrans' and Parent's commitment to extend certain affiliate relationship rules applicable to natural gas pipelines and their gas marketing affiliates to all energy affiliates of the gas transmission business, thus making such commitments an integral part of the requested approval (if granted).[1]

FPA Section 203 requires applicants to show that a proposed transaction is in the public interest, which FERC has defined as requiring a showing that the proposed transaction does not adversely affect competition, wholesale power and transmission service ratepayers or regulation. The application presents detailed evidence demonstrating compliance with these standards. The application presents additional evidence regarding the many public interest objectives that are advanced by the reorganization, including federal regulatory initiatives (such as RTO development) relating to the creation of a national competitive electric marketplace.

With respect to competition, the application demonstrates through expert testimony and horizontal and vertical competitive screen analyses that the reorganization leads to deconcentration of the electric power market and does not create increased ability or incentive for the exercise of market power through vertical integration. Thus, the proposed transaction is pro-competitive and supports the growth of competitive markets.

The application sets forth specific plans for continued service to wholesale power and transmission customers and protections for these customers against adverse rate impacts. The Debtor commits that no wholesale customer's service, including all agreements or tariffs on file at the FERC governing wholesale transmission service, coordinated operations, interconnection and power sales, will be terminated as a result of rejection of its contract in bankruptcy, and the application and supporting testimony explain which company will serve each customer subsequent to Plan implementation.[2] Although the Reorganized Debtor and ETrans will have continued ability to file for changes in rates for these customers as they do now, the application and supporting testimony identify certain costs directly related to implementation of the Plan for which they will not

[1] Until ETrans joins an RTO, ETrans will continue the Debtor's participation in the ISO. This commitment does not preclude continued ETrans participation in the ISO if it becomes a FERC-approved RTO. The Debtor's existing contractual obligations associated with its participation as a transmission owner in the ISO will be assumed and assigned to ETrans.

[2] The assumption of the Western Area Power Administration contract and related agreements, as well as the assumption and assignment of various other wholesale electric contracts, is described below in this exhibit.

seek recovery. Moreover, these customers will continue to be protected by the FERC's regulatory oversight over rates of each of the companies. Three of the Debtor's large wholesale customers, Western Area Power Administration ("WAPA"), CCSF and the City of Santa Clara are served under formula rates. The protections described above apply to these three customers, and in addition, the application explains that these rates will not be affected because Gen and the Reorganized Debtor will arrange for exchange of the data needed to calculate these bills in the same manner as they are calculated today. Nevertheless, these customers will be offered the opportunity to terminate their contracts, if they elect to do so, such that each of these customers will have the ability to determine for itself whether to accept continued power sales service from the Reorganized Debtor and Gen, as applicable, or seek service from another supplier. Thus, the application sets forth with specificity how each existing wholesale and transmission service customer will continue to be served after implementation of the Plan.

With respect to regulation, the application demonstrates that there will be no gap in regulation because all aspects of the Debtor's present business will continue to be regulated after the Plan is implemented. Regulatory oversight will align the various parts of the business under the regulators that best match the business function, for example, placing wholesale assets under wholesale regulators, and leaving retail assets under the retail regulator. The Reorganized Debtor will be subject primarily to CPUC oversight, but any wholesale sales or exchanges in which the Debtor engages will be subject to FERC regulation. ETrans and Gen will be subject to the FERC's jurisdiction with respect, *e.g.*, to rates and to the disposition of any transmission facilities or contracts for wholesale sales. The application also explains that even in the absence of state regulatory review of the proposed restructuring and the Reorganized Debtor Spin-Off, the proposed transaction is in the public interest because the reorganization and the Reorganized Debtor Spin-Off will not have an adverse effect on retail markets. Accompanying testimony describes how the proposed power sales by Gen to the Reorganized Debtor fits within the existing retail rate structure and that there is no adverse effect on retail competition.

Finally, the application requests confirmation that the reorganization will not violate Section 305(a) of the FPA or Section 12 of the NGA, which contain restrictions with respect to the making or paying of dividends from funds properly included in capital accounts, and requests disclaimer of jurisdiction over each of Gen's subsidiary limited liability companies. These filings assure that all aspects of the transaction that are potentially subject to FERC regulatory oversight have been addressed.

Assuming no evidentiary hearing, the Debtor anticipates that an order authorizing the transactions will be issued within approximately eight months from November 30, 2001, the date the application was filed.

2. Section 204 (FPA)

On November 30, 2001, the Debtor and the Parent, on behalf of ETrans and Gen, filed an application with the FERC seeking authorization under Section 204 of the FPA for the applicants to issue securities and assume liabilities in connection with implementation of the Plan. The applicants requested authorization for ETrans, Gen and the Debtor to issue long-term notes and short-term notes to the public or to third parties in private offerings to raise cash, for ETrans and Gen to issue long-term notes to the Debtor and for the Debtor to issue long-term notes to its creditors. The cash generated from the public and private offerings and the notes issued to the Debtor would be used to pay the Debtor's creditors, together with the notes issued directly by the Debtor to its creditors. These issuances of securities therefore are directly related to resolution of creditors' claims under the Plan. The applicants requested additional authorizations including for each of ETrans, Gen and the Debtor to draw funds and provide letters of credit under working capital facilities, for the Debtor to issue long-term mortgage bonds, for ETrans to issue equity and debt securities to fund its capital investment needs, for ETrans and Gen to assume certain Debtor liabilities, and for the Debtor to assume certain Parent liabilities. These authorizations are integral parts of the Plan or are needed for the applicants to carry forward their businesses as public utility companies. As such, these authorizations are necessary for the applicants to establish themselves as viable companies that will be able to service the debt they plan to incur to fund the payment of the Debtor's creditors.

3. Section 205 (Power Sales Agreement between Gen and Reorganized Debtor)

An essential element of the Debtor's business plan for emerging from bankruptcy is the Power Sales Agreement by which Gen contractually commits the output of the generating resources transferred to it and its subsidiaries (approximately 7,100 MW initially) to the Reorganized Debtor for eleven (11) years from the Plan effective date and approximately half the output for the twelfth (12th) and final year of the contract at stable prices. The terms and conditions of the Power Sales Agreement are described in detail in Section VI.F.1 of the Disclosure Statement.

Before Gen may commence sales under the Power Sales Agreement, the FERC must accept for filing the proposed Power Sales Agreement. In the course of its review, the FERC may set for hearing the issue of whether the proposed rates, terms and conditions are just and reasonable and nondiscriminatory in accordance with Section 205 of the FPA. The application included testimony and exhibits that demonstrate the Power Sales Agreement is just and reasonable to the Reorganized Debtor and its customers because, among other things, (1) the non-price benefits and risks assumed by the Reorganized Debtor under the Power Sales Agreement are more favorable than the mix of non-price benefits and risks associated with the Debtor's operation and ownership of the same assets today and (2) it contains price and non-price terms and conditions that are at least as favorable as the terms the Debtor could have negotiated in the open market in light of its current financial condition. The application also included the testimony and exhibits of an industry expert who explained that the Power Sales Agreement is just and reasonable because the price is at or below the cost the Debtor would have paid for comparable supplies of power in the current market demonstrated by comparison to power agreements contemporaneously entered into among parties unaffiliated with the Debtor. Industry experts also testified that the non-price terms and conditions are reflective of the market in California and in the industry generally.

Under the Power Sales Agreement, the Reorganized Debtor will have the authority to schedule and dispatch the generating resources so it may shape deliveries of energy and ancillary services to best meet its load requirements, subject to the same regulatory and operational requirements that currently apply to the Debtor. Gen bears responsibility for keeping the generating resources available for dispatch. Revenues under the Power Sales Agreement are heavily weighted toward capacity payments (ranging from $12.00 to $20.50/kW-month depending on the season) with low energy payments of $8/MWh or less. Thus, so long as Gen meets specified seasonal availability targets, it will continue to receive the majority of anticipated revenue regardless of the amount of energy the Reorganized Debtor dispatches from the generating resources. Expert testimony submitted in support of the Plan by an employee of the Debtor's financial advisor explains that the Power Sales Agreement is essential for obtaining the exit financing needed for the Debtor to emerge from bankruptcy. The Power Sales Agreement is expected to generate a sufficient and stable revenue stream for Gen to raise investment-grade rated debt secured by its assets and cash flows. Absent the Power Sales Agreement, it would not be feasible for Gen to raise the financing required by the Plan and, hence, for the Debtor to emerge from bankruptcy.

The application includes testimony that the Debtor's settlement agreement with the City of Santa Clara (the "Grizzly Agreement") will be assumed, assigned to a subsidiary of Gen and performed by Gen. The Grizzly Agreement requires the Debtor to provide scheduling services and an exchange of energy from Santa Clara's 20 MW Grizzly hydroelectric project. Under the Power Sales Agreement, the Reorganized Debtor will provide transmission and scheduling services associated with the Grizzly Agreement and will be reimbursed by Gen for its costs. After the Effective Date, any changes to the Power Sales Agreement will be subject to FERC jurisdiction.

4. Section 205 (FPA)—Other Contracts

On November 30, 2001, ETrans and the Reorganized Debtor submitted to FERC for filing, pursuant to Section 205 of the FPA, a Back-to-Back Agreement, a Transmission Availability Agreement and four Interconnection Agreements, each of which define relationships between the various companies necessary for continued, reliable operations. The transmittal letter requested that the agreements be placed into effect on the Plan Effective Date.

The Back-to-Back Agreement is necessary to enable the Reorganized Debtor to (i) continue to provide service under the rates, terms and conditions of certain of the Debtor's existing wholesale contracts, some of which, such as the WAPA and CCSF agreements, provide for transmission service; (ii) allow ETrans to provide service pursuant to the rates, terms and conditions of certain of Debtor's existing contracts assigned to it under which wholesale distribution service is offered; and (iii) give ETrans all rights the Debtor currently has to transmission services under a contract with WAPA. The Back-to-Back Agreement contains a provision that specifies there are no third-party beneficiaries under the agreement. The Transmission Availability Agreement, between ETrans and Gen, is necessary to maintain the grid conditions needed to meet NRC requirements for the safe and reliable operation of the Diablo Canyon Power Plant. The Interconnection Agreements provide for the interconnections between the generation facilities and ETrans' transmission system or the Reorganized Debtor's distribution system, as applicable, and ETrans and the Reorganized Debtor's load-serving facilities. After the Effective Date, any changes to these contracts and any new contracts involving transmission facilities or contracts for wholesale sales will be subject to FERC jurisdiction.

5. Section 7 (Natural Gas Act)

On November 30, 2001, the Debtor and its affiliates GTrans, GTN and Stanpac submitted an application under Section 7 of the NGA for various authorizations required to enable the Debtor to restructure its gas transmission and storage business and to constitute GTrans as a new, stand-alone interstate gas pipeline business subject to FERC jurisdiction. Following receipt of the requested authorizations and the transfer to GTrans of pipeline and storage assets, GTrans is expected to be a viable business, no longer affiliated with the Reorganized Debtor, that will be subject to a stable regulatory regime in which the investor community has confidence. GTrans will have predictable cash flows and substantial debt-carrying capacity. These characteristics will make it possible for GTrans to leverage itself (consistent with the maintenance of an investment-grade rating) and issue long-term notes that will be used by the Debtor to pay valid creditor claims. Thus, establishing GTrans as a business subject to FERC jurisdiction will contribute to the success of the Plan.

The Debtor, GTrans, GTN and Stanpac have sought authorizations permitting: (1) the Debtor to extend its existing gas transmission system across the California-Oregon border to a point at which it would interconnect with GTN and another interstate pipeline, Tuscarora Gas Transmission Company, near Malin, Oregon, by acquiring approximately three (3) miles of interstate pipeline from GTN; (2) the Debtor to transfer to GTrans and GTrans to acquire the Debtor's extended gas transmission system and GTrans to operate that system as an open-access interstate pipeline; and (3) GTrans to provide services to the Reorganized Debtor during a limited transition period in accordance with a Transmission and Storage Services Agreement that provides for the continuation of service to the Reorganized Debtor's gas distribution business under rates, terms and conditions that are essentially identical to the Debtor's existing CPUC-approved Gas Accord rates, tariffs and contracts. GTrans has also requested authorization to furnish individually-certificated gas transportation services under certain pre-existing, CPUC-authorized long-term contracts between the Debtor and shippers. GTrans has committed that, no later than fourteen (14) months after its acceptance of the FERC authorizations it has requested, GTrans will file a general rate case that will incorporate proposed revisions to the GTrans tariff to bring it into full compliance with FERC regulations and policies. GTrans has agreed in the Transition and Storage Services Agreement to propose as part of such general rate case that the FERC continue the current vintaged rate design for the Redwood path. During the initial transition period proposed in the application, all shippers, including municipal gas distribution utilities, will have an opportunity to continue to receive the same level of services they have under contract today. In future filings at the FERC, the Debtor will specify that the Reorganized Debtor and municipal gas distribution utilities, such as the City of Palo Alto, will be offered an option to secure capacity sufficient to meet their historic core loads before GTrans offers remaining capacity to other shippers in an open season, which will be held prior to the filing of GTrans' general rate case. Following reorganization, the FERC will have jurisdiction over GTrans' rates and transmission facilities. The reorganization will provide a single forum, under uniform FERC standards and procedures, for reviewing integrated capacity expansions and service offerings to be proposed from time to time by GTrans and its interconnected upstream pipelines.

6. Part I (FPA)—HydroElectric Project License Transfers

Twenty-six (26) separate applications were filed with the FERC on November 30, 2001, seeking the FERC's approval under Part I of the FPA for the transfer of the FERC licenses of the 26 hydroelectric projects licensed solely or partially to the Debtor to other limited liability company subsidiaries of Gen.[3] The license transfer applications also request the FERC's approval for the lease to Gen of project properties and other associated project conveyances. In addition, one application was filed seeking the FERC's approval under Part I of the FPA for the transfer of the Debtor's eleven transmission line-only licenses from the Debtor to ETrans. The FERC will continue to regulate the twenty-six (26) hydroelectric projects and the facilities covered by the eleven (11) transmission line-only licenses pursuant to Part I of the FPA following approval of the transfers. In its answer, filed on February 14, 2002, to certain objections of intervenors with respect to the FERC applications, the Proponents indicated that the applicants would not object to a condition that Gen become a co-licensee of the hydroelectric projects if required in these FERC proceedings.

7. Section 184 of the Atomic Energy Act—NRC Applications

The Diablo Canyon Power Plant and the shutdown Humboldt Bay Power Plant are subject to the regulation of the NRC. Under Section 184 of the Atomic Energy Act, and 10 C.F.R. §50.80, the NRC must give written consent prior to any reorganization, divestiture or other transaction that would involve transferring "control," either directly or indirectly, over a licensed nuclear power plant. Because the NRC licenses both those that own a nuclear plant and those that operate a nuclear plant, any transfer of either ownership of the asset or operational authority must be approved by the NRC.

The NRC application for Diablo Canyon requests NRC consent to the "direct" transfer of the Diablo Canyon NRC operating license to coincide with the transfer of the asset to Gen and its subsidiary Diablo Canyon LLC. After the transfer is approved and the reorganization implemented, Diablo Canyon LLC will be the NRC licensee with authority to own the facility, and Gen will be the licensee with authority to possess, use and operate the facility.

The NRC application addresses, among other things, the technical and financial qualifications of Gen to be the operating licensee. With respect to the former, there is no change since personnel presently responsible for the station will be transferred to Gen. With respect to the latter, financial information included in the application, and based upon the Plan, demonstrates that Gen will be financially viable and will have sufficient revenues to cover nuclear operating, maintenance, fuel and capital costs. The application also addresses the fact that financial assurance for decommissioning will be preserved because a beneficial interest in the present nuclear decommissioning trust fund will be assigned to Gen.

The Diablo Canyon license presently includes antitrust license conditions. These conditions relate to such matters as open transmission access, interconnection rights and other similar matters. These conditions will be preserved. Because Gen will not be able to directly control compliance with regard to many of these matters, ETrans will be added as a licensee and the Reorganized Debtor will remain as a licensee—both for the sole purpose of meeting the antitrust license conditions. Gen, ETrans and the Reorganized Debtor will, in effect, for regulatory purposes, be jointly and severally responsible for the antitrust conditions. This approach effectively preserves the status quo.

A separate application has been filed for Humboldt Bay, which will remain with Reorganized Debtor. The NRC will review and determine whether NRC consent for an "indirect" transfer of the Humboldt Bay license is needed, given that the Reorganized Debtor will be owned only by public shareholders and will remain the NRC licensee responsible for maintaining and decommissioning Humboldt Bay. The Reorganized Debtor will have the technical and financial qualifications needed.

[3] The use of separate limited liability companies to separately own and hold the license for each of the hydroelectric projects will provide more flexibility with regard to financing, including asset-based financing, of the companies and hence will enhance the value of the reorganization.

8. Section 9(a)(2) of PUHCA—SEC Application

On January 31, 2002, the Parent, Newco and the Debtor (the “PUHCA Applicants”) filed an application with the SEC on the SEC’s Form U-1 (the “PUHCA Application”) requesting approval under Section 9(a)(2) of PUHCA related to implementation of the Plan. The Parent and Newco propose to acquire, directly or indirectly, more than five percent (5%) of the outstanding voting securities of two new public utility companies, ETrans and Gen. (Although Newco, and indirectly the Debtor and the Parent, currently own all of the membership interests in ETrans and Gen, ETrans and Gen are not yet public utility companies because they do not yet own or control any public utility assets.) The PUHCA Applicants provided the SEC with information showing that the acquisition of ETrans and Gen meets the standards under Sections 9(a)(2) and 10 of PUHCA, including showing, among other things, that: (a) the transaction will not unduly concentrate control of utility systems, (b) the fees and commissions are reasonable (to be provided by amendment to the PUHCA Application), (c) the transaction will not unduly complicate the capital structures of the resulting system, (d) applicable state laws have been complied with or preempted (and therefore are not applicable), and (e) the transaction will serve the public interest by providing benefits to an integrated public utility system.

The Debtor will temporarily hold two public utility companies, ETrans and Gen, through its wholly-owned subsidiary, Newco. Newco, and indirectly ETrans and Gen, will be transferred to the Parent within thirty (30) days after ETrans and Gen acquire utility assets and thus become public utility companies. Under the “simultaneous merger” doctrine the PUHCA Applicants believe that the Debtor should not require SEC approval under Section 9(a)(2) of PUHCA for its transitory acquisition of ETrans and Gen and should not be considered a holding company under Section 2(a)(7) of PUHCA. Nevertheless, out of an abundance of caution the PUHCA Applicants committed to the SEC that, if the SEC determines that the “simultaneous merger” doctrine does not apply and that the Debtor temporarily will be a holding company under PUHCA, the Debtor will file under the SEC’s Rule 2, 17 C.F.R. Section 250.2, for an exemption from registration pursuant to Section 3(a)(1) of PUHCA. The PUHCA Applicants further requested, as an alternative to their view that approval should not be required, SEC approval for the Debtor to temporarily and briefly acquire and hold ETrans and Gen while under an obligation to transfer ownership of ETrans and Gen (through transfer of Newco) to the Parent, in the event that the SEC should determine that such approval is necessary.

The PUHCA Applicants also requested that the SEC concur with their view that the Gen LLCs will not be public utility companies as defined under PUHCA, even though they will hold legal title to electric generation assets, because the Gen LLCs will be passive owners that will hold only very limited rights and responsibilities associated with the assets under the agreements pursuant to which they will lease the assets to Gen. (In the alternative, if the SEC finds that the Gen LLCs are public utility companies, the PUHCA Applicants requested SEC approval of the acquisition of the Gen LLCs by Gen, Newco and the Parent, and Applicants committed that Gen would promptly file under Rule 2 for an exemption from registration pursuant to Section 3(a)(1) of the Act.).

WESTERN AREA POWER ADMINISTRATION CONTRACT

By letter dated November 26, 2001, the Debtor submitted written assurances to WAPA that it will assume “Contract 2948A” between WAPA and the Debtor. As provided in Section 6.1(a) of the Plan, the Debtor waives its rights to amend the Plan with respect to assumption of Contract 2948A and related contracts identified in the November 26, 2001 letter. Under Contract 2948A, the Debtor integrates its resources with those of the CVP (as defined in Contract 2948A and related agreements) and the Debtor serves the combined PG&E/CVP load with the integrated resources. The combined PG&E/CVP load includes service to the CVP’s project loads and “preference” power customers. As part of the integration, WAPA may bank energy and later withdraw it for CVP project loads and preference customers. Assumption of the contract assures that the integration and transmission services provided by the Debtor will continue until contract expiration at the end of calendar year 2004. While preserving the Debtor’s rights in existing FERC proceedings, the November 26 letter clarifies that the rates determined under the energy rate formula in Contract 2948A will not be modified as a consequence of the transfer of Diablo Canyon to Gen. In other words, Diablo Canyon's thermal production costs will continue to be included in the formula used to calculate the energy rate, regardless of ownership. The letter includes a list of related contracts that will be assumed by the Reorganized Debtor. These agreements assure that CVP power will continue to be delivered to both CVP project loads and preference power customers, especially in those instances where delivery is required through the use of the Debtor's transmission system (*i.e.,* delivery to non-direct connected loads). These agreements provide firming services by assuring that the integrated resources of both the CVP and the Debtor are available to serve the CVP load pursuant to Contract 2948A and other related agreements.

The Back-to-Back Agreement filed with the FERC on November 30, 2001, as described in Section 4 above, seeks FERC approval of the agreements between the Reorganized Debtor and ETrans that will require ETrans to maintain or enter into necessary transmission arrangements to enable the Reorganized Debtor to continue to provide service to WAPA under the existing rates, terms and conditions of the existing contracts.

SETTLEMENT AND STANISLAUS COMMITMENTS

The obligations under (1) the 1991 Settlement Agreement between NCPA and the Debtor in a NRC proceeding implementing the Statement of Commitments accompanying the letter from the Debtor to the U.S. Department of Justice of April 30, 1976 ("1991 Settlement Agreement"), (2) the letter from the Debtor to the U.S. Department of Justice of April 30, 1976, to the extent that it represents obligations, a position disputed by the Debtor (the "1976 Letter"), and (3) the antitrust license conditions included in the Diablo Canyon Nuclear Power Plant NRC licenses ("License Conditions") (collectively, the 1991 Settlement Agreement, the 1976 Letter and the License Conditions are referred to as the "Settlement and Stanislaus Commitments") shall be assigned to each of the Reorganized Debtor, ETrans LLC, and Electric Generation LLC, such that each such entity or, if determined by any court or governmental regulatory agency or authority of competent jurisdiction, such entity and any of its subsidiaries, is jointly and severally obligated for the full performance, and liable for the nonperformance of the Settlement and Stanislaus Commitments. Under the Plan, the Debtor shall assume and assign the 1991 Settlement Agreement with the written consent of NCPA to the Reorganized Debtor, ETrans LLC, and Electric Generation LLC. The Debtor has proposed in filings at the NRC that the Reorganized Debtor, ETrans and Gen shall be jointly and severally liable under the License Conditions (the "Joint and Several Filings"), although the Debtor makes no representations or warranties as to whether the NRC will accept such proposal without modification. If the NRC fails for any reason to grant, authorize and approve the Joint and Several Filings (the "NRC Adverse Ruling"), this Stipulation shall not affect the rights of any party to take any action to assure the benefits of the License Conditions to the same extent as such benefits existed prior to the Debtor's bankruptcy. Such actions include, without limitation, appeal of the NRC Adverse Ruling and taking such actions in available forums to mitigate the adverse effects of the NRC Adverse Ruling and to impose the same or substantially similar obligations to the License Conditions on the Reorganized Debtor, ETrans LLC, and Electric Generation LLC and otherwise to protect their interests, rights and remedies from the NRC Adverse Ruling. The provisions of that certain Stipulation of City of Palo Alto, Northern California Power Agency and Pacific Gas and Electric Company Regarding the Settlement and Stanislaus Commitments, dated as of February 11, 2002, are incorporated herein.

EXHIBIT H TO THE DISCLOSURE STATEMENT

Interest Rates for Allowed Claims

Contract Type	Class	Interest Rate/ Calculation Method[1]	Compounding Interval Before First Payment	Interest Commencement Date	Payment Dates After First Payment
A. Contract[2]—Other than PC Bonds or First and Refunding Mortgage Bonds					
Floating Rate Notes[3]	5	Base Interest Rate: 7.583%[4,5]	Quarterly	Last Date Interest Paid	Quarterly
Revolving Line of Credit[3]	5	Base Interest Rate: 8.000%[5]	Quarterly	Last Date Interest Paid	Quarterly
Medium Term Notes[3]	5	Base Interest Rate: See Exhibit D of Disclosure Statement—"Security Description"[5]	Semiannually	Last Date Interest Paid	Quarterly
Senior Notes[3]	5	Base Interest Rate: 9.625%[5]	Semiannually	Last Date Interest Paid	Quarterly
DWR	5	Per Contract	N/A	N/A	DWR Claims being offset against amounts due Debtor
San Joaquin Valley[3]	5	Per Contract	Semiannually	Last Date Interest Paid	Quarterly
L/C Banks	4e	Per Contract	N/A	Last Date Interest Paid	Quarterly
Prior Bonds[3]	4f	Per Contract	N/A	Last Date Interest Paid	Quarterly
MBIA Reimbursement[3]	4c	Per Contract	N/A	Date Funds First Disbursed Under PC Bond Insurance Policy for Payment of Interest on MBIA Insured PC Bonds	Quarterly
QUIDs[3]	11	Per Contract	Quarterly	Last Date Interest Paid	Quarterly
B. Contract[2]—First and Refunding Mortgage Bonds					
First and Refunding—other than Replaced[6]	3a	Per Contract	Semiannually N/A	Last Date Interest Paid	Per Contract
Replaced First and Refunding[6]	3b	Per Contract	Semiannually N/A	Last Date Interest Paid	Per Contract

Contract Type	Class	Interest Rate/ Calculation Method[1]	Compounding Interval Before First Payment	Interest Commencement Date	Payment Dates After First Payment
C. Contract[2]—PC Bonds					
Mortgage Backed[7]	4a	Per Contract	Per Contract	Last Date Interest Paid	Per Contract
MBIA Backed[6]	4b	Per Contract	Per Contract	Last Date Interest Paid	Per Contract
L/C Backed[6]	4d	Per Contract	Per Contract	Last Date Interest Paid	Per Contract
Treasury[3]	4g	Per Contract	Per Contract	Last Date Interest Paid	Quarterly
D. Non-Contract[2]—OCC Contract Specified					
Commercial Paper[3]	5	Base Interest Rate: 7.466%[5]	Quarterly	Last Date Interest Paid	Quarterly
ISO/Generator[8]	6	Determined pursuant to method set forth in Section 35.19a of the FERC regulations[9]	Annually	To be Determined	Quarterly
ISDA Claims[8]	5	Floating LIBOR + 2%[9]	Annually	Petition Date	Quarterly
E. Miscellaneous Contract[2] and Non-Contract					
Priority Tax Claims	—	Statutory	Statutory	Statutory	Statutory
ESP[8]	7	Lowest Non-Default Rate Under Applicable Statute, Indenture or Instrument[10]	Annually	Petition Date	Quarterly
Intercompany[8]	5	Lowest Non-Default Rate Under Applicable Statute, Indenture or Instrument[10]	Annually	Petition Date	Quarterly
Gas Procurement[8]	5	Lowest Non-Default Rate Under Applicable Statute, Indenture or Instrument[10]	Annually	Petition Date	Quarterly
Other Trade Payables[8]	5	Lowest Non-Default Rate Under Applicable Statute, Indenture or Instrument[10]	Annually	Petition Date	Quarterly

Contract Type	Class	Interest Rate/ Calculation Method[1]	Compounding Interval Before First Payment	Interest Commencement Date	Payment Dates After First Payment
Convenience Class[8],[11]	10	Lowest Non-Default Rate Under Applicable Statute, Indenture or Instrument[10]	Annually	Petition Date	Quarterly
Environmental, Fire Suppression, Pending Litigation and Tort	8	As Applicable Under Non-Bankruptcy Law			
Workers' Compensation	12	As Applicable Under Non-Bankruptcy Law			

[1] *See Exhibit D* of the Disclosure Statement for specific interest rates on certain instruments.

[2] "Contract" refers to contractual provisions regarding interest calculations.

[3] The first payment will be made ten days after the date the Disclosure Statement is approved for the period ended on February 28, 2001.

[4] Calculated based on actual days elapsed over 360 days, with an implied yield of 7.690%.

[5] If the Plan fails to be effective by each of the dates set forth below, then the applicable Base Interest Rate shall be increased by the amount set forth below (the "Step-Up Interest Rate") as a permanent and additional increase, effective on and payable after each of the following dates:

(A) February 15, 2003: 37.5 basis points;

(B) September 15, 2003: 37.5 basis points (cumulative with "A" above on a going forward basis from September 15, 2003—75.0 basis points); and

(C) March 15, 2004: 37.5 basis points (cumulative with "A" and "B" above on a going forward basis from March 15, 2004—112.5 basis points).

In no event shall the Debtor be required to accrue or pay the Step-Up Interest Rate for any interest accruing prior to February 15, 2003.

[6] Payments have been made when due in respect of these obligations by the Debtor, MBIA or the Letter of Credit Issuing Banks, as applicable.

[7] Paid by Bond Trustee with payments on Mortgage Bonds.

[8] The first payment will be made on July 30, 2002 for the period ended on June 30, 2002.

[9] Determined on the Petition Date and each anniversary prior to the date of first payment and quarterly thereafter.

[10] If no such statute, indenture or instrument applies, or if the applicable instrument, indenture or instrument does not specify a non-default rate of interest, Post-Petition Interest shall be calculated and paid at the Federal Judgment Rate.

[11] Certain claims of $5,000 or less will be paid in full on or before July 31, 2002.

EXHIBIT I TO THE DISCLOSURE STATEMENT

Schedule of Letter of Credit Issuing Banks

Series	Original Principal Amount	Letter of Credit Issuing Bank	Stated Amount of Letter of Credit	Letter of Credit Expiration Date
California Pollution Control Financing Authority, Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) $200,000,000 1996 Series C (the “96C Bonds”)	$200,000,000	Bank of America, N.A.	$202,191,781	5/23/02
California Pollution Control Financing Authority, Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) $165,000,000 1996 Series E (the “96E Bonds”)	$165,000,000	Morgan Guaranty Trust Company of New York	$166,808,220	5/23/03
California Pollution Control Financing Authority, Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) $100,000,000 1996 Series F (the “96F Bonds”)	$100,000,000	BNP Paribas	$101,095,891	5/23/03
California Pollution Control Financing Authority, Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series B (the “97B Bonds”)	$148,550,000	Deutsche Bank AG	$150,177,946	9/16/02

EXHIBIT J TO THE DISCLOSURE STATEMENT

I. Identification of Directors and Officers

A. Reorganized Debtor

1. Board of Directors—Members

William S. Davila
David M. Lawrence, MD
Mary S. Metz
Gordon R. Smith
Barry Lawson Williams

2. Officers

Name	**Position**
Gordon R. Smith	President and Chief Executive Officer
Kent M. Harvey	Senior Vice President, Chief Financial Officer, and Treasurer
Roger J. Peters	Senior Vice President and General Counsel

B. Newco Energy Corporation

1. Board of Directors—Members

Peter A. Darbee
Bruce R. Worthington

2. Officers

Name	**Position**
Bruce R. Worthington	President and General Counsel
Peter A. Darbee	Chief Financial Officer

C. Gen LLC

1. Board of Control—Members

Bruce R. Worthington
Peter A. Darbee

2. Officers

Name	**Position**
Gregory M. Rueger	Senior Vice President and General Manager
Bruce R. Worthington	General Counsel
Peter A. Darbee	Chief Financial Officer

D. ETrans LLC

1. Board of Control—Members

Bruce R. Worthington
Peter A. Darbee

2. Officers

Name	**Position**
Roger J. Gray	Vice President and General Manager
Bruce R. Worthington	General Counsel
Peter A. Darbee	Chief Financial Officer

E. GTrans LLC

1. Board of Control—Members

Bruce R. Worthington
Peter A. Darbee

2. Officers

Name	**Position**
Michael A. Katz	Vice President and General Manager
Bruce R. Worthington	General Counsel
Peter A. Darbee	Chief Financial Officer

F. Parent (formerly PG&E Corporation)

1. Board of Directors—Members

David R. Andrews
David A. Coulter
C. Lee Cox
Robert D. Glynn, Jr.
Carl E. Reichardt

2. Officers

Name	**Position**
Robert D. Glynn, Jr.	Chief Executive Officer and President
Peter A. Darbee	Senior Vice President and Chief Financial Officer
Bruce R. Worthington	Senior Vice President and General Counsel

II. Biographical Information

A. Members of Boards of Directors and Boards of Control

Mr. David R. Andrews is Senior Vice President Government Affairs, General Counsel, and Secretary of PepsiCo, Inc. (food and beverage businesses), and has held that position since February 2002. Prior to joining PepsiCo, Inc., Mr. Andrews was a partner in the law firm of McCutchen, Doyle, Brown & Enersen, LLP from May 2000 to January 2002 and from 1981 to July 1997. From August 1997 to April 2000, he served as the legal advisor to the U.S. Department of State and former Secretary Madeleine Albright. Mr. Andrews has been a director of PG&E Corporation and Pacific Gas and Electric Company since 2000. He also is a director of UnionBanCal Corporation.

Mr. David A. Coulter is Vice Chairman of J.P. Morgan Chase & Co. (financial services and retail banking), and has held that position since January 2001. Prior to the merger with J.P. Morgan & Co. Incorporated, he was Vice Chairman of The Chase Manhattan Corporation (bank holding company) from August 2000 to December 2000. He was a Partner in the Beacon Group, L.P. (investment banking firm) from January 2000 to July 2000, and was Chairman and Chief Executive Officer of BankAmerica Corporation and Bank of America NT&SA from May 1996 to October 1998. Mr. Coulter has been a director of PG&E Corporation and Pacific Gas and Electric Company since 1996.

Mr. C. Lee Cox is retired Vice Chairman of AirTouch Communications, Inc. and retired President and Chief Executive Officer of AirTouch Cellular (cellular telephone and paging services). He was an executive officer of AirTouch Communications, Inc. and its predecessor, PacTel Corporation, from 1987 until his retirement in April 1997. Mr. Cox has been a director of PG&E Corporation and Pacific Gas and Electric Company since 1996. He also is a director of Riverstone Networks, Inc.

Mr. William S. Davila is President Emeritus of The Vons Companies, Inc. (retail grocery). He was President of The Vons Companies, Inc. from 1986 until his retirement in May 1992. Mr. Davila has been a director of Pacific Gas and Electric Company since 1992 and a director of PG&E Corporation since 1996. He also is a director of The Home Depot, Inc. and Hormel Foods Corporation.

Mr. Robert D. Glynn, Jr. is Chairman, Chief Executive Officer, and President of PG&E Corporation. Mr. Glynn joined Pacific Gas and Electric Company in 1984. He was elected President and Chief Operating Officer in 1995. He became President and Chief Operating Officer of PG&E Corporation when it was formed in January 1997, Chief Executive Officer on June 1, 1997, and Chairman of the Board on January 1, 1998. Mr. Glynn has been a director of Pacific Gas and Electric Company since 1995 and a director of PG&E Corporation since 1996.

Dr. David M. Lawrence, MD is Chairman Emeritus of Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals. On May 1, 2002, Dr. Lawrence resigned as Chairman and Chief Executive Officer of the Kaiser Foundation Health Plan and Hospitals, following eleven years of service as Chief Executive Officer and Vice Chairman or Chairman of the Boards. Dr. Lawrence has been a director of Pacific Gas and Electric Company since 1995 and a director of PG&E Corporation since 1996. He also is a director of Agilent Technologies Inc.

Dr. Mary S. Metz is President of S. H. Cowell Foundation, and has held that position since January 1999. Prior to that date, she was Dean of University Extension, University of California, Berkeley from July 1991 to June 1998. Dr. Metz has been a director of Pacific Gas and Electric Company since 1986 and a director of PG&E Corporation since 1996. She also is a director of Longs Drug Stores Corporation, SBC Communications Inc., and UnionBanCal Corporation.

Mr. Carl E. Reichardt is Vice Chairman of the Ford Motor Company, and has held that position since October 2001. He is the retired Chairman of the Board and Chief Executive Officer of Wells Fargo & Company (bank holding company) and Wells Fargo Bank, N.A. He was an executive officer of Wells Fargo Bank, N.A. from 1978 until his retirement in December 1994. Mr. Reichardt has been a director of Pacific Gas and Electric Company since 1985 and a director of PG&E Corporation since 1996. He also is a director of ConAgra Foods, Inc., Ford Motor Company, HCA, Inc., HSBC Holdings PLC, McKesson Corporation, and Newhall Management Corporation.

Mr. Gordon R. Smith is President and Chief Executive Officer of Pacific Gas and Electric Company. He also is a Senior Vice President of the utility's parent company, PG&E Corporation. Mr. Smith joined Pacific Gas and Electric Company in 1970 and has held a number of executive financial positions in the Company, serving as

Treasurer, Vice President of Finance and Rates, and Senior Vice President and Chief Financial Officer. He was the utility's Chief Financial Officer for six years prior to his election in 1997 as President and Chief Executive Officer. Mr. Smith has been a director of Pacific Gas and Electric Company since 1997.

Mr. Barry Lawson Williams is President of Williams Pacific Ventures, Inc. (business consulting and mediation), and has held that position since May 1987. He also served as interim President and Chief Executive Officer of the American Management Association (management development organization) from November 2000 to June 2001. Mr. Williams has been a director of Pacific Gas and Electric Company since 1990 and a director of PG&E Corporation since 1996. He also is a director of CH2M Hill Companies, Ltd., Newhall Management Corporation, R.H. Donnelley Inc., The Simpson Manufacturing Company Inc., Synavant Inc., and USA Education, Inc.

Mr. Peter A. Darbee is Senior Vice President and Chief Financial Officer of PG&E Corporation. Mr. Darbee joined PG&E Corporation in 1999. Prior to that, he was Vice President and Chief Financial Officer of Advanced Fibre Communications Inc. (AFC), a telecommunications manufacturer of digital loop carrier systems from June 1997 to September 1999. Before joining AFC, he was Vice President, Chief Financial Officer, and Controller of Pacific Bell from January 1994 to June 1997. Prior to joining Pacific Bell, Mr. Darbee was an investment banker with Goldman Sachs, where he was Vice President and co-head of the company's energy and telecommunications group. He also held positions at Salomon Brothers and AT&T.

Mr. Bruce R. Worthington is Senior Vice President and General Counsel of PG&E Corporation. Prior to his appointment with PG&E Corporation in 1997, Mr. Worthington was senior vice president and general counsel of Pacific Gas and Electric Company, the regulated utility. He joined the Company's Law Department in 1974 and subsequently served as senior counsel and chief counsel for the department prior to his election as vice president and general counsel in 1994. He was elected a senior vice president a year later.

B. Officers

[Information regarding Peter A. Darbee, Robert D. Glynn, Gordon R. Smith, and Bruce R. Worthington can be found in section II.A above.]

Mr. Roger J. Gray has served as Vice President and Chief Information Officer of Pacific Gas and Electric Company since 2000. Prior to that, he was Vice President of General Services. He has held several positions at Pacific Gas and Electric Company, as well as Vice President of Louis Dreyfus Electric Power, Inc.

Mr. Kent M. Harvey is Senior Vice President, Chief Financial Officer, and Treasurer of Pacific Gas and Electric Company. Mr. Harvey joined Pacific Gas and Electric Company in 1982. He became Director of Investor Relations in 1989. He was elected Corporate Secretary in 1992, Treasurer in 1993, Vice President and Treasurer in 1995, and Chief Financial Officer in 1997.

Mr. Michael A. Katz has served as Vice President, California Gas Transmission of Pacific Gas and Electric Company since 2000. Mr. Katz joined the Company in 1983. Prior to his officer appointment, he was lead Director of Power Generation. He led the development of Pacific Gas and Electric Company's trading systems for selling generation products into the new California energy market.

Mr. Roger J. Peters is Senior Vice President and General Counsel of Pacific Gas and Electric Company. Mr. Peters joined Pacific Gas and Electric Company in 1977. He was elected Vice President and General Counsel in 1997, and Senior Vice President and General Counsel in 1999.

Mr. Gregory M. Rueger is Senior Vice President, Generation and Chief Nuclear Officer of Pacific Gas and Electric Company. Mr. Rueger joined Pacific Gas and Electric Company in 1972 and has been an officer since 1986. His officer assignments at Pacific Gas and Electric Company have included Vice President, Electric Resource Planning and Development (1986), Senior Vice President and General Manager Electric Supply (1988), Senior Vice President and GM Nuclear Power Generation (1991) and Senior Vice President, Generation and Chief Nuclear Officer (2000).