

NATURAL GAS WATCH

FORECAST CALLS FOR LOWER JANUARY NATURAL GAS BILLS THAN ONE YEAR AGO

Pacific Gas and Electric Company's (PG&E) customers can expect average natural gas bills to be about nine percent lower this month than in January of last year. Small increases in charges for transmission, distribution and mandated social programs are expected to be offset by lower forecast usage and a decline in gas prices. The price of the natural gas has been favorable due to high storage levels and lower demand.

Natural gas costs can change quickly during the winter months depending on weather and market conditions. PG&E takes steps to protect our customers from severe price spikes, including smart purchasing decisions, financial hedging against potential price spikes, and using our extensive pipeline and storage infrastructure to help us moderate gas purchase costs. PG&E passes the wholesale price of gas through to customers without mark-up.

Customers can also take steps to help reduce their gas bills, as well. Simply turning down your thermostat by just one or two degrees and installing weather stripping in your home, are two easy ways to save on your winter heating bills. Customers in need of assistance with bill payment should call 800-PGE-5000.

Residential Natural Gas Cost Comparison:

AVERAGE RESIDENTIAL CUSTOMER	January-10	January-09	Percentage Change
December-09			Percentage Change
Gas Use (<i>therms</i>)	77	79	-2.5%
Cost of Gas Procurement (<i>\$/therm</i>)	\$0.571	\$0.694	-17.7%
Average Transportation Charge (<i>\$/therm</i>)	\$0.498	\$0.470	6.0%

Total Procurement + Transportation Rate (<i>\$/therm</i>)	\$1.069	\$1.164	-8.2%
Gas Public Purpose Program Surcharge (<i>\$/therm</i>)	\$0.077	\$0.065	18.5%
Total Rate (<i>\$/therm</i>)	\$1.146	\$1.229	-6.8%

Total Natural Gas Bills

(Gas Use x Total Rate) **\$88.20 \$97.09 -9.2% \$62.28 41.6%**

Notes: January 2010 and December 2009 gas use reflects forecast usage for the average single family residential gas customer, based on average temperatures. January 2009 gas use reflects actual average usage during the month.

Definitions:

Therm: An amount of thermal energy equal to 100,000 British Thermal Units.

Cost of Gas Procurement: Includes the weighted average cost of natural gas supply as well as the cost of PG&E's gas storage and pipeline transportation to PG&E's local transmission system. Gas procurement rates change monthly to reflect the current gas price forecast and any changes to transportation capacity and firm storage costs.

Average Transportation Charge: Includes the annual average cost of local transmission and distribution services to PG&E's customers.

Gas Public Purpose Program Surcharge: Mandated gas social programs (e.g., Energy Efficiency, Low Income Energy Efficiency, California Alternate Rates for Energy) as authorized by the California Public Utilities Commission

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