FORM 424B5

Prospectus filed pursuant to Rule 424(b)(5)

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FILER

PACIFIC GAS & ELECTRIC CO

CIK:**75488**| IRS No.: **940742640** | State of Incorp.:**CA** | Fiscal Year End: **1231**
Type: **424B5** | Act: **33** | File No.: **033-62488** | Film No.: **94516167**
SIC: **4931** Electric & other services combined

Business Address
77 BEALE ST
P O BOX 770000 MAIL CODE B7C
SAN FRANCISCO CA 94177
4159737000

Rule 424(b)(5)
Registration Statement No. 33-62488

PROSPECTUS SUPPLEMENT

(To Prospectus dated March 14, 1994)

2,500,000 Shares

Pacific Gas and Electric Company

6.30% REDEEMABLE FIRST PREFERRED STOCK
$25 PAR VALUE

THE NEW PREFERRED STOCK IS ENTITLED TO CUMULATIVE DIVIDENDS AT THE ANNUAL RATE SET FORTH ABOVE FROM THE DATE OF ORIGINAL ISSUE. THE NEW PREFERRED STOCK WILL NOT BE REDEEMABLE BEFORE JANUARY 31, 2004. ON AND AFTER THAT DATE, THE NEW PREFERRED STOCK WILL BE REDEEMABLE AT THE OPTION OF THE COMPANY, IN WHOLE OR IN PART, UPON NOT LESS THAN 30 DAYS' NOR MORE THAN 60 DAYS' NOTICE, AT A REDEMPTION PRICE OF $25 PER SHARE PLUS AN AMOUNT EQUAL TO ACCUMULATED AND UNPAID DIVIDENDS TO AND INCLUDING THE REDEMPTION DATE. SEE "DESCRIPTION OF THE NEW PREFERRED STOCK--REDEMPTION PROVISIONS" HEREIN.

THE NEW PREFERRED STOCK IS ENTITLED TO A SINKING FUND PROVIDING FOR THE REDEMPTION OF 125,000 SHARES ANNUALLY ON JANUARY 31, 2004 THROUGH 2008, INCLUSIVE, AND 1,875,000 SHARES ON JANUARY 31, 2009, AT A REDEMPTION PRICE OF $25 PER SHARE PLUS AN AMOUNT EQUAL TO ACCUMULATED AND UNPAID DIVIDENDS TO AND INCLUDING THE REDEMPTION DATE. SEE "DESCRIPTION OF THE NEW PREFERRED STOCK--SINKING FUND" HEREIN.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE $25 A SHARE AND ACCRUED DIVIDENDS, IF ANY

<TABLE>
<CAPTION>

<S>	<C> PRICE TO PUBLIC(1)	<C> UNDERWRITING DISCOUNTS AND COMMISSIONS(2)	<C> PROCEEDS TO COMPANY(1)(3)
Per Share.............................	$25.000	$.075	$24.925
Total.................................	$62,500,000	$187,500	$62,312,500

</TABLE>

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(1) Plus accrued dividends, if any, from the date of original issue.
(2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

(3) Before deduction of expenses payable by the Company, estimated at $130,000.

The New Preferred Stock is offered subject to prior sale, when, as and if accepted by the Underwriters and subject to approval of certain legal matters by Orrick, Herrington & Sutcliffe, counsel for the Underwriters. It is expected that delivery of the New Preferred Stock will be made on or about March 28, 1994, at the office of Morgan Stanley & Co. Incorporated, New York, N.Y., against payment therefor in New York funds.

MORGAN STANLEY & CO.
Incorporated

GRIGSBY BRANDFORD & CO., INC.

SMITH MITCHELL INVESTMENT GROUP INC.

MORGAN KEEGAN & COMPANY, INC.

March 14, 1994

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY OR ANY OTHER SECURITIES OF THE COMPANY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

The following summary information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Prospectus Supplement, the accompanying Prospectus or the documents incorporated therein by reference.

THE OFFERING

<TABLE>

<S>	<C>
Securities Offered..................	2,500,000 shares of 6.30% Redeemable First Preferred Stock, $25 Par Value
Dividend Payment Dates..............	Quarterly, commencing May 15, 1994
Redemption..........................	As set forth on the Prospectus Supplement cover
Sinking Fund........................	As set forth on the Prospectus Supplement cover
Use of Proceeds.....................	For capital expenditures

</TABLE>

THE COMPANY

<TABLE>

<S>	<C>
Principal Business..................	Supplying electric and natural gas service
Service Area........................	Most of Northern and Central California
Population of Service Area..........	Approximately 12,800,000

</TABLE>

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1993	
	ELECTRIC	GAS
<S>	<C>	<C>
Operating Revenues..	74%	26%

Operating Income	85%	15%

</TABLE>

CONSOLIDATED FINANCIAL INFORMATION
(DOLLAR AMOUNTS IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,				
	1989	1990	1991	1992	1993
<S>	<C>	<C>	<C>	<C>	<C>
Operating Revenues	$8,588,264	$9,470,092	$9,778,119	$10,296,088	$10,582,408
Net Income	$ 900,628	$ 987,170	$1,026,392	$ 1,170,581	$ 1,065,495
Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends*	2.40x	2.73x	2.89x	3.15x	3.19x

</TABLE>

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*See "Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends" in the accompanying Prospectus.

<TABLE>
<CAPTION>

	AS OF DECEMBER 31, 1993	
	AMOUNT	PERCENTAGE
<S>	<C>	<C>
Common Stock Equity	$ 8,446,037	45.4%
Preferred Stock Without Mandatory Redemption	807,995	4.3
Preferred Stock With Mandatory Redemption	75,000	.4
Long-term Debt	9,292,100	49.9
Total Capitalization	$18,621,132	100.0%
Current Liabilities:		
Long-term Debt	$ 221,416	
Short-term Borrowings	764,163	

</TABLE>

DESCRIPTION OF THE NEW PREFERRED STOCK

The following description of the particular terms of the 2,500,000 shares of the Company's 6.30% Redeemable First Preferred Stock, $25 Par Value (the "New Preferred Stock"), offered hereby supplements the description of the general terms and provisions of the New Preferred Stock set forth in the accompanying Prospectus under the heading "Description of the New Preferred Stock," to which description reference is hereby made. As used hereinafter, the terms "first preferred stock" and "$100 first preferred stock" shall have the same meanings as the same terms used under the heading "Description of the New Preferred Stock" in the accompanying Prospectus.

DIVIDEND RIGHTS

The New Preferred Stock will be entitled to receive, from the date of issue, out of funds legally available therefor, cumulative preferential dividends, when and as declared by the Company's Board of Directors, at the annual dividend rate set forth in the title thereof. The New Preferred Stock will rank equally with all shares of any series of first preferred stock and $100 first preferred stock with regard to preference in dividend rights. It is the practice of the Company to pay dividends on preferred stock on the 15th day of February, May, August and November for the quarterly periods ending on the last day of the preceding calendar month. The initial quarterly dividend on the New

Preferred Stock will be payable on or about May 15, 1994 and will be less than subsequent quarterly dividends since it will be for the period commencing with the date of issuance of the New Preferred Stock and ending April 30, 1994. Thereafter, dividends will be payable at the full quarterly rate.

REDEMPTION PROVISIONS

The New Preferred Stock is not redeemable before January 31, 2004. On and after January 31, 2004, the Company may redeem the New Preferred Stock in whole or in part upon not less than 30 days' nor more than 60 days' notice at a redemption price of $25 per share plus an amount equal to the accumulated and unpaid dividends thereon, if any, to and including the date of redemption, provided that there are no arrearages in the payment of dividends or sinking fund payments, if any, on any series of the first preferred stock or $100 first preferred stock.

SINKING FUND

After payment of all dividends on all series of first preferred stock and $100 first preferred stock for past dividend periods, the Company is required to redeem 125,000 shares of the New Preferred Stock annually on January 31, commencing in 2004 through and including 2008, and 1,875,000 shares on January 31, 2009, at a redemption price of $25 per share plus an amount equal to accumulated and unpaid dividends to and including the redemption date.

Shares of the New Preferred Stock redeemed otherwise than through the sinking fund, or purchased or otherwise acquired by the Company, may be applied to satisfy any subsequent mandatory sinking fund requirement. Shares redeemed, purchased or otherwise acquired by the Company shall become authorized and unissued shares of first preferred stock but shall not be reissued as shares of the New Preferred Stock.

The sinking fund on the New Preferred Stock is on a parity with the Company's other preferred stock sinking funds. In the event of any deficiency in any mandatory sinking fund payments of any such series, the Company would be precluded from paying any dividend or making any other distribution on any stock junior thereto or from purchasing, redeeming or otherwise acquiring any shares of first preferred stock or $100 first preferred stock or any stock junior thereto, other than redemptions of any shares of first preferred stock or $100 first preferred stock pursuant to a mandatory sinking fund and then on a proportionate basis with all other such sinking funds.

UNDERWRITERS

Under the terms and subject to the conditions contained in a Purchase Agreement dated the date hereof, the Underwriters named below have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective number of shares of the New Preferred Stock set forth below:

NAME	NUMBER OF SHARES
Morgan Stanley & Co. Incorporated	2,190,000
Grigsby Brandford & Co., Inc.	125,000
Smith Mitchell Investment Group Inc.	125,000
Morgan Keegan & Company, Inc.	60,000
Total	2,500,000

The Purchase Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the shares of the New Preferred Stock are subject to the approval of certain legal matters by their counsel and to certain other conditions. A default by one or more Underwriters would not relieve the non-defaulting Underwriters from their several obligations and, in the event of a default involving not more than 10% of the aggregate number of shares of New Preferred Stock, the non-defaulting Underwriters would be required to purchase the shares of New Preferred Stock agreed to be purchased by such defaulting Underwriters in proportion to their respective purchase obligations. In the event of a default in excess of 10% of the aggregate number of shares of New Preferred Stock, the Company may, at its option, sell less than all of the New Preferred Stock.

The Underwriters propose to offer part of the shares of the New Preferred Stock directly to the public at the public offering price set forth on the cover page hereof and part to certain dealers at a price that represents a concession of not in excess of $.0625 per share under the public offering price. The Underwriters may allow, and such dealers may reallow, a concession of not in excess of $.05 per share under the public offering price to certain other dealers. After the initial public offering, the public offering price and concessions may be changed.

The shares of the New Preferred Stock are a new issue of securities with no established trading market. The Underwriters have advised the Company that one or more of them intend to act as market makers for the New Preferred Stock. However, the Underwriters are not obligated to do so and may discontinue any market making at any time without notice. No assurances can be given as to the liquidity of the trading market for the New Preferred Stock.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

PROSPECTUS

PACIFIC GAS AND ELECTRIC COMPANY

FIRST PREFERRED STOCK ($25 PAR VALUE)

Pacific Gas and Electric Company (the "Company") from time to time may issue in one or more series up to 5,000,000 shares of its First Preferred Stock, par value $25 per share (the "New Preferred Stock"), on terms to be determined at the time of sale. The specific number of shares, designation, issuance price, dividend rate, any redemption or sinking fund provisions, and other specific terms of the series of New Preferred Stock in respect of which this Prospectus is being delivered will be set forth in an accompanying Prospectus Supplement (a "Prospectus Supplement").

The New Preferred Stock may be sold for public offering on a negotiated or competitive bid basis to or through underwriters or dealers, which may include a group of underwriters represented by one or more managing underwriters. In addition, the New Preferred Stock may be sold directly by the Company or through agents designated from time to time. See "Plan of Distribution." The names of any such agents or underwriters involved in the sale of the New Preferred Stock in respect of which this Prospectus is being delivered and any applicable commission or discount will be set forth in a Prospectus Supplement.

This Prospectus may not be used to consummate sales of New Preferred Stock unless accompanied by a Prospectus Supplement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS MARCH 14, 1994.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the public reference room of the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C., and the public reference facilities in the New York Regional Office, 7 World Trade Center, New York, New York and the Chicago Regional Office, Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois. Copies of such material can be obtained at prescribed rates by writing to the Securities and Exchange Commission, Public Reference Section, Washington, D.C. 20549. Such material can also be inspected at the New York, American and Pacific Stock Exchanges. This Prospectus does not contain all information set forth in the related registration statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") which the Company has filed with the Commission under the Securities Act of 1933.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission are incorporated by reference in this Prospectus:

1. The Company's annual report on Form 10-K for the year ended December 31, 1992.

2. The Company's quarterly reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993.

3. The Company's current reports on Form 8-K dated January 13, 1993, January 21, 1993, February 26, 1993, March 2, 1993, March 15, 1993, March 23, 1993, March 29, 1993, April 13, 1993, April 22, 1993, May 25, 1993, June 18, 1993, July 12, 1993, July 27, 1993, August 20, 1993, September 3, 1993, September 17, 1993, October 14, 1993, October 25, 1993, November 4, 1993, November 17, 1993, December 7, 1993, December 23, 1993, January 10, 1994, January 24, 1994, March 2, 1994 and March 11, 1994.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Prospectus and prior to the termination of the offering of the New Preferred Stock shall be deemed to be incorporated by reference in this Prospectus.

THE COMPANY HEREBY UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON, INCLUDING ANY BENEFICIAL OWNER, TO WHOM A COPY OF THIS PROSPECTUS HAS BEEN DELIVERED, ON THE WRITTEN OR ORAL REQUEST OF ANY SUCH PERSON, A COPY OF ANY OR ALL THE DOCUMENTS REFERRED TO ABOVE WHICH HAVE BEEN OR MAY BE INCORPORATED IN THIS PROSPECTUS BY REFERENCE, OTHER THAN EXHIBITS TO SUCH DOCUMENTS WHICH ARE NOT SPECIFICALLY INCORPORATED BY REFERENCE IN THE INFORMATION THAT THIS PROSPECTUS INCORPORATES. REQUESTS SHOULD BE DIRECTED TO MR. LESLIE GULIASI, TRANSFER AGENT, SHAREHOLDER SERVICES, PACIFIC GAS AND ELECTRIC COMPANY, 77 BEALE STREET, ROOM 2600, P. O. BOX 770000, SAN FRANCISCO, CALIFORNIA 94177 (TELEPHONE: 1-800-367-7731).

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THEREOF OR THAT THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE HEREIN OR THEREIN IS CORRECT

AS OF ANY TIME SUBSEQUENT TO ITS DATE.

THE COMPANY

Pacific Gas and Electric Company is an operating public utility engaged principally in the business of supplying electric and natural gas service throughout most of northern and central California. The Company was incorporated in California in 1905. Its principal executive office is located at 77 Beale Street, P.O. Box 770000, San Francisco, California 94177, and its telephone number is (415) 973-7000.

USE OF PROCEEDS

Except as otherwise described in any Prospectus Supplement, the net proceeds from the sale of the New Preferred Stock will become part of the treasury funds of the Company and will be applied to capital expenditures and to the redemption, repayment or retirement of outstanding indebtedness or preferred stock. On February 18, 1994, the Company redeemed the Series 8.16% Redeemable First Preferred Stock at an aggregate redemption price of approximately $83 million, and the Company has authorized the possible future redemption during 1994 of the Series 8.00% Redeemable First Preferred Stock, of which $50 million par value is outstanding, and the Series 8.20% Redeemable First Preferred Stock, of which $50 million par value is outstanding. In addition, on March 1, 1994, the Company redeemed its First and Refunding Mortgage Bonds, Series SS, 7 1/2%, due June 1, 2001, at an aggregate redemption price of approximately $81 million, and the Company has authorized the possible future redemption or repurchase during 1994 of approximately $1.022 billion aggregate principal amount of its First and Refunding Mortgage Bonds and $85 million aggregate principal amount of its Medium-Term Notes. Specific dates for these redemptions and repurchases have not yet been determined.

RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth the ratios of earnings to combined fixed charges and preferred stock dividends of the Company and its subsidiaries for each of the years 1989 through 1993.

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31,

1989	1990	1991	1992	1993
<S>	<C>	<C>	<C>	<C>
2.40	2.73	2.89	3.15	3.19

</TABLE>

For the purpose of computing the Company's ratios of earnings to combined fixed charges and preferred stock dividends, "earnings" represent net income adjusted for the Company's equity in undistributed earnings or loss of unconsolidated affiliates, income taxes and fixed charges (excluding capitalized interest). "Fixed charges" consist of interest on short-term and long-term debt (including amortization of bond premium, discount and expense; and excluding interest on decommissioning trust funds (for which an equal amount of interest income is recorded) and amortization of the gain or loss on reacquired debt securities) and interest on capital leases (including capitalized interest). "Preferred stock dividends" represent the sum of requirements for preferred stock dividends that are deductible for federal income tax purposes and requirements for preferred stock dividends that are not deductible for federal income tax purposes increased to an amount representing pretax earnings which would be required to cover such dividend requirements.

DESCRIPTION OF THE NEW PREFERRED STOCK

The following description of the terms of the New Preferred Stock sets forth certain general terms and provisions of the New Preferred Stock to which any Prospectus Supplement may relate. Certain other terms of any series of the New Preferred Stock offered by any Prospectus Supplement will be described in such

Prospectus Supplement. If so indicated in a Prospectus Supplement, the terms of any such series may differ from the terms set forth below. The description of certain provisions of the New Preferred Stock set forth below and in any Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to the Company's Restated Articles of Incorporation (the "Articles of Incorporation"), and the certificates of determination of preferences (a "Certificate of Determination")

relating to each series of the New Preferred Stock which will be filed or incorporated by reference, as the case may be, as an exhibit to the Registration Statement of which this Prospectus is a part at or prior to the time of the issuance of such series of the New Preferred Stock. A form of Certificate of Determination is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

The Company is authorized to issue 800,000,000 shares of common stock, par value $5 per share ("common stock"), 75,000,000 shares of first preferred stock, par value $25 per share ("first preferred stock," which term, as used herein, includes the New Preferred Stock), and 10,000,000 shares of $100 first preferred stock, par value $100 per share ("$100 first preferred stock").

As of January 31, 1994, there were issued and outstanding 428,685,869 shares of common stock. The first preferred stock consists of three series of authorized nonredeemable shares (a 6% series of 4,211,662 shares, a 5.50% series of 1,173,163 shares and a 5% series of 400,000 shares, all of which were outstanding on January 31, 1994), and 69,215,175 authorized redeemable shares, of which 29,534,958 shares were outstanding on January 31, 1994. No $100 first preferred stock was outstanding as of January 31, 1994.

Under the Articles of Incorporation, the Board of Directors of the Company is authorized without further shareholder action to provide for the issuance of up to 39,680,217 additional shares of first preferred stock and up to 10,000,000 shares of $100 first preferred stock, in one or more additional series, with such rights, preferences, privileges and restrictions as shall be stated and expressed in the resolution or resolutions providing for the issue of such stock, or series thereof, adopted, at any time or from time to time, by the Board of Directors of the Company (as used herein the term "Board of Directors" includes any duly authorized committee thereof).

The New Preferred Stock will have the dividend, liquidation, redemption and voting rights set forth below unless otherwise provided in a Prospectus Supplement relating to a particular series of the New Preferred Stock. Reference is made to the Prospectus Supplement relating to the particular series of the New Preferred Stock offered thereby for specific terms, including: (i) the designation of such New Preferred Stock and the number of shares offered; (ii) the initial public offering price at which such New Preferred Stock will be issued; (iii) the dividend rate and the dates from which dividends shall accrue; (iv) any redemption or sinking fund provisions; and (v) any additional dividend, redemption, sinking fund or other rights, preferences, privileges, limitations or restrictions.

The rights of the holders of each series of the New Preferred Stock will be subordinate to those of the Company's general creditors.

DIVIDEND RIGHTS

Holders of the New Preferred Stock will be entitled to receive, from the date of issue, out of funds legally available therefor, cumulative preferential dividends, when and as declared by the Board of Directors, at such annual dividend rate as is set forth in the title of such series of the New Preferred Stock. Each such dividend will be payable to the holders of record as they appear on the stock books of the Company on such record date as will be fixed by the Board of Directors of the Company.

All shares of first preferred stock (including shares of each series of the New Preferred Stock) and $100 first preferred stock will rank equally with regard to preference in dividend rights, except that shares of different classes or different series thereof may differ as to the amounts of dividends to which they are entitled.

It is the practice of the Company to pay dividends on preferred stock on the 15th day of February, May, August and November for the quarterly periods ending on the last day of the preceding calendar month.

Dividends on the New Preferred Stock shall be declared and shall be either paid or set apart for payment before any dividend on the common stock shall be either declared or paid.

LIQUIDATION RIGHTS

Upon the liquidation or dissolution of the Company at any time or in any manner, holders of shares of the New Preferred Stock will be entitled to receive an amount equal to the par value of such shares plus an amount equal to all accumulated and unpaid dividends thereon to and including the date fixed for such distribution or payment before any amount shall be paid to the holders of common stock.

All shares of first preferred stock (including shares of each series of the New Preferred Stock) and $100 first preferred stock will rank equally with regard to preference in liquidation rights, except that shares of different classes or different series thereof may differ as to the amounts of liquidation payments to which they are entitled.

REDEMPTION PROVISIONS

The shares of any series of the New Preferred Stock may be redeemed in whole or in part at the option of the Company, and may be subject to mandatory redemption pursuant to a sinking fund or otherwise, in each case on the date or dates and at the redemption price or prices (including the applicable premium, if any) set forth in the Prospectus Supplement relating to such series, together with accumulated and unpaid dividends at the rate fixed therefor to and including the date fixed for redemption. However, no such redemption and no purchase of first preferred stock and $100 first preferred stock or any stock junior thereto shall be made by the Company if there is an arrearage in the payment of dividends or sinking fund payments, if any, on the first preferred stock or $100 first preferred stock.

If fewer than all the outstanding shares of any series of the New Preferred Stock are to be redeemed, the shares to be redeemed shall be determined pro rata or by lot in such manner as the Board of Directors may determine.

Unless the Prospectus Supplement relating to a series of the New Preferred Stock provides otherwise, notice of every redemption shall be published in a newspaper of general circulation in the City and County of San Francisco, State of California, and in a newspaper of general circulation in the Borough of Manhattan, City and State of New York, at least once in each of two successive weeks, commencing not earlier than 60 nor later than 30 days before the date fixed for redemption. A copy of such notice shall be mailed within the same period of time to each holder of record, as of the record date, of the shares to be redeemed, but the failure to mail such notice to any shareholder shall not invalidate the redemption of such shares.

From and after the date fixed for redemption, unless default be made by the Company in paying the amount due upon redemption, dividends on the shares called for redemption shall cease to accrue, and such shares shall be deemed to be redeemed and shall be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the right to receive from the Company upon surrender of their certificates the amount payable upon redemption without interest.

NON-ASSESSABILITY; VOTING RIGHTS; NO PREEMPTIVE OR CONVERSION RIGHTS

All shares of the New Preferred Stock, when issued, will be fully paid and nonassessable, and will have full voting rights entitled to one vote per share. No shareholder of the Company is entitled to cumulate his or her voting power in the election of directors. The New Preferred Stock will have no preemptive rights. No holder of shares of the New Preferred Stock will have any rights to convert such shares into shares of any other class or series of capital stock of the Company.

FAIR PRICE AMENDMENT

Under certain circumstances, the "Fair Price Amendment" to the Articles of Incorporation requires the affirmative vote of at least 75% of the outstanding stock of the Company for the approval of any business

combination between the Company or any of its subsidiaries and any person or entity holding 5% or more of the Company's outstanding stock (a "Related Person"). Business combinations for this purpose include mergers, sales to or purchases from the Related Person of assets of $100 million or more, issuance or transfer to the Related Person of securities of the Company or any of its subsidiaries worth $100 million or more, a recapitalization of the Company or any other transaction that would increase the voting power of the Related Person, or a merger with a subsidiary which would eliminate the Fair Price Amendment from the articles. The 75% vote will not be required if (i) the Related Person seeking a business combination gives all holders of stock a price per share in cash or property having a fair market value meeting certain defined minimum price criteria and certain specified procedural requirements are satisfied, or (ii) the business combination is approved by a majority of disinterested directors of the Board of Directors.

DIVIDEND REINVESTMENT PLAN

The Company has a Dividend Reinvestment Plan under which holders of its common and preferred stock may automatically reinvest their dividends in newly issued shares of common stock, without payment of brokerage commissions or service charges. A prospectus and other information regarding the plan may be obtained by writing to Pacific Gas and Electric Company, Dividend Reinvestment Plan, 77 Beale Street, Room 2600, P.O. Box 770000, San Francisco, California 94177.

TRANSFER AGENT AND REGISTRAR

Unless otherwise indicated in any Prospectus Supplement, the Company will be the transfer agent and dividend and redemption price disbursement agent and First Interstate Bank of California will be the registrar for shares of each series of the New Preferred Stock.

PLAN OF DISTRIBUTION

The Company may sell the New Preferred Stock being offered hereby (i) to one or more underwriters for public offering and sale by them and (ii) to investors or dealers directly or through agents. The distribution of the New Preferred Stock may be effected from time to time in one or more transactions at a fixed price or prices (which may be changed from time to time), at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at negotiated prices or on a competitive bid basis. Each Prospectus Supplement will describe the method of distribution of the New Preferred Stock offered thereby.

In connection with the sale of the New Preferred Stock, underwriters, dealers or agents may receive compensation from the Company or from purchasers of the New Preferred Stock for whom they may act as agents, in the form of discounts, concessions or commissions. The underwriters, dealers or agents which participate in the distribution of the New Preferred Stock may be deemed to be underwriters under the Securities Act of 1933 (the "Act") and any discounts or commissions received by them and any profit on the resale of the New Preferred Stock received by them may be deemed to be underwriting discounts and commissions thereunder. Any such underwriter, dealer or agent will be identified and any such compensation received from the Company will be described in a Prospectus Supplement. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

If the New Preferred Stock is offered on a competitive bid basis, the Company will receive bids by telephone or otherwise prior to a designated time. Each bid will be required to be made for all the New Preferred Stock being sold and the Company will reserve the right to reject all bids. If any bid is accepted, the Company will accept the qualified bid which in its sole and final determination will result in the lowest effective cost of money to it for the New Preferred Stock being sold. No bidder will be entitled to submit or participate as a bidder in more than one bid.

Under agreements that may be entered into with the Company, underwriters, dealers and agents may be entitled to indemnification by the Company against certain civil liabilities, including liabilities under the Act, or to contribution with respect to payments which the underwriters, dealers or agents may be required to make in respect thereof.

Certain of the underwriters or agents and their associates may be customers of, engage in transactions with and perform services for, the Company in the ordinary course of business.

EXPERTS

The consolidated balance sheet and statement of consolidated capitalization of the Company and subsidiaries as of December 31, 1993 and 1992, and the related statements of consolidated income, cash flows, common stock equity and preferred stock, and the schedule of consolidated segment information for each of the three years in the period ended December 31, 1993, incorporated by reference in this Prospectus, have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their report with respect thereto which is incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report. Reference is made to said report which includes explanatory paragraphs that describe the uncertainties regarding the ultimate outcome of the gas reasonableness proceedings, and the recovery of the remaining unrecovered Helms costs and of certain lost revenues and the Hinkley litigation, as discussed in Note 2 and Note 11, respectively, of Notes to Consolidated Financial Statements included in the Company's current report on Form 8-K dated March 2, 1994. Reference is made to said report which includes an explanatory paragraph with respect to the change in 1993 in the method of accounting for postretirement benefits other than pensions and for income taxes, as discussed in Note 1 and Note 7 of Notes to Consolidated Financial Statements included in the Company's current report on Form 8-K dated March 2, 1994.

LEGAL OPINIONS

The legality of the New Preferred Stock and certain other legal matters in connection therewith will be passed upon for the Company by Bruce R. Worthington, Esq., Chief Counsel, Corporate in the Company's Law Department. The statements in this Prospectus involving matters of law have been reviewed by Mr. Worthington and are made on his authority. Mr. Worthington and his associates in the Company's Law Department who will participate in consideration of legal matters relating to the New Preferred Stock, together with members of their respective families, own in the aggregate approximately 1,700 shares of the Company's common stock.

Unless otherwise indicated in any Prospectus Supplement, the legality of the New Preferred Stock and certain other legal matters in connection therewith will be passed upon for the underwriters or agents by Orrick, Herrington & Sutcliffe, 400 Sansome Street, San Francisco, California 94111. From time to time, Orrick, Herrington & Sutcliffe performs legal services for the Company.