

PACIFIC GAS & ELECTRIC CO

Form 424B2

October 17, 2008

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**Filed pursuant to Rule 424(b)(5)**  
**SEC File No. 333-149361**

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee(1)(2)</b>
Debt Securities	\$ 590,058,000	\$ 23,189.28

- (1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.
- (2) Pursuant to Rule 457(p) under the Securities Act of 1933, Pacific Gas and Electric Company (the Company) has carried forward to its Registration Statement on Form S-3 (No. 333-149361) registration fees of \$123,338.85 that had been paid with respect to unsold debt securities that were previously registered pursuant to a Registration Statement on Form S-3 (No. 333-109994) of which \$99,659.34 remain available. Such registration fees are being applied to offset the \$23,189.28 of registration fees payable with respect to the notes offered and sold by the Company pursuant to the Registration Statement on Form S-3/ASR (No. 333-149361). This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the Company's Registration Statement on Form S-3/ASR (File No. 333-149361).

**PROSPECTUS SUPPLEMENT**  
**(To Prospectus dated February 22, 2008)**

**\$ 600,000,000**  
**8.25% Senior Notes due October 15, 2018**

We are offering \$600,000,000 principal amount of our 8.25% Senior Notes due October 15, 2018, which we refer to in this prospectus supplement as our senior notes.

We will pay interest on our senior notes on each April 15 and October 15, commencing April 15, 2009. The senior notes will be issued in denominations of \$1,000 and integral multiples of \$1,000.

We may redeem the senior notes in whole or in part at any time at the redemption price set forth in this prospectus supplement.

The senior notes will be unsecured and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding.

There is no existing public market for the senior notes. We do not intend to list the senior notes on any securities exchange or any automated quotation system.

**Investing in these senior notes involves risks. See Risk Factors on page S-3.**

	<b>Per Senior Note</b>	<b>Total</b>
Public Offering Price <sup>(1)</sup>	98.343%	\$ 590,058,000
Underwriting Discount	0.650%	\$ 3,900,000
Proceeds to Pacific Gas and Electric Company (before expenses) <sup>(1)</sup>	97.693%	\$ 586,158,000

<sup>(1)</sup> Plus accrued interest, if any, from and including original issuance of the senior notes which is expected to be October 21, 2008.

None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The senior notes are expected to be delivered on or about October 21, 2008 through the book-entry facilities of The Depository Trust Company.

*Joint Book-Running Managers*

**Banc of America Securities LLC**

**Citi**

**Deutsche Bank Securities**

*Co-Managers*

**Cabrera Capital Markets, LLC**

**BNY Mellon Capital Markets, LLC  
Siebert Capital Markets**

**U.S. Bancorp Investments, Inc.**

October 16, 2008

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**This prospectus supplement should be read in conjunction with the accompanying prospectus. You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference. Neither we nor any underwriter has authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. Neither we nor any underwriter is making an offer to sell the senior notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date hereof.**

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Unless otherwise indicated, when used in this prospectus supplement and the accompanying prospectus, the terms **we**, **our** and **us** refer to Pacific Gas and Electric Company and its subsidiaries.

This prospectus supplement and the accompanying prospectus contain forward-looking statements that are necessarily subject to various risks and uncertainties. Forward-looking statements in this prospectus supplement are based on

current estimates, expectations and projections about future events, and assumptions regarding these events and management's knowledge of facts as of the date of this prospectus supplement. These forward-looking statements relate to, among other matters, estimated capital expenditures, our estimated rate base, estimated environmental remediation liabilities, the anticipated outcome of various regulatory and legal proceedings, future cash flows, and the level of future equity or debt issuances, and are also identified by words such as assume, expect, intend, plan, project, believe, estimate, predict, anticipate, aim, may, might, should, would, could, goal, potential. We are not able to predict all the factors that may affect future results. See Forward-Looking Statements in the accompanying prospectus, for some of the factors that could cause future results to differ materially from those expressed or implied by the forward-looking statements, or from historical results.

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Investing in the senior notes involves risk. These risks are described under "Risk Factors" in Item 1A of our annual report on Form 10-K for the fiscal year ended December 31, 2007, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in the accompanying prospectus. Before making a decision to invest in the senior notes, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus.

**OUR COMPANY**

We are a leading vertically integrated electricity and natural gas utility. We were incorporated in California in 1905 and are a subsidiary of PG&E Corporation. We operate in northern and central California and are engaged in the businesses of electricity and natural gas distribution, electricity generation, procurement and transmission, and natural gas procurement, transportation and storage. At June 30, 2008, we served approximately 5.1 million electricity distribution customers and approximately 4.3 million natural gas distribution customers. Our principal executive office is located at 77 Beale Street, P.O. Box 770000, San Francisco, California 94177, and our telephone number is (415) 973-7000. The principal executive office of PG&E Corporation is located at One Market, Spear Tower, Suite 2400, San Francisco, California 94105.

**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our historical ratio of earnings to fixed charges for each of the fiscal years indicated and for the six months ended June 30, 2008.

<b>Six months ended June 30, 2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
2.82x	2.79x	2.98x	3.56x	10.75x	2.51x

For the purpose of computing our ratio of earnings to fixed charges, "earnings" represent net income adjusted for the minority interest in losses of less than 100% owned affiliates, equity in undistributed income or losses of less than 50% owned affiliates, income taxes and fixed charges (excluding capitalized interest). "Fixed charges" include interest on long-term debt and short-term borrowings (including a representative portion of rental expenses), amortization of bond premium, discount and expense, interest on capital leases, allowance for funds used during construction debt, and earnings required to cover the preferred stock dividend requirements and preferred security distribution requirements of a majority-owned trust. Fixed charges exclude interest on Financial Accounting Standards Board Interpretation No. 48 (Accounting for Uncertainty in Income Taxes) tax liabilities.

**USE OF PROCEEDS**

We estimate that the net proceeds from this offering will be approximately \$585.4 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from the sale of the senior notes to repay commercial paper and for working capital purposes. At October 15, 2008, the outstanding amount of our commercial paper was \$733.4 million and the weighted average yield on our

outstanding commercial paper was approximately 6.01% per annum.

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The following table sets forth our consolidated capitalization as of June 30, 2008, and as adjusted to give effect to the issuance and sale of the senior notes and the use of proceeds from this offering as set forth under "Use of Proceeds" above. This table should be read in conjunction with our consolidated condensed financial statements and related notes as of and for the six months ended June 30, 2008, incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in the accompanying prospectus.

	<b>As of June 30, 2008</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(in millions)</b>	
<b>Current Liabilities:</b>		
Short-term borrowings(1)	\$ 156	\$ 0
Long-term debt, classified as current:		
Current portion of long-term debt	600	600
Current portion of energy recovery bonds(2)	362	362
<b>Total long-term debt, classified as current</b>	<b>\$ 962</b>	<b>\$ 962</b>
<b>Capitalization:</b>		
Long-term debt(3)	\$ 7,441	\$ 8,031
Energy recovery bonds(2)	1,409	1,409
Shareholders' equity(4)	9,441	9,441
<b>Total capitalization</b>	<b>\$ 18,291</b>	<b>\$ 18,881</b>

- (1) Actual short-term borrowings consisted of \$156 million of commercial paper and as adjusted short-term borrowings gives effect to the use of proceeds to repay short-term debt.
- (2) PG&E Energy Recovery Funding LLC, or PERF, a legally separate but wholly-owned, consolidated subsidiary of ours, issued energy recovery bonds, or ERBs, supported by a dedicated rate component, or DRC, the proceeds of which were used to purchase from us the right, known as "recovery property," to be paid a specified amount from a DRC. DRC charges are collected by us and remitted to PERF for payment of the ERBs' principal, interest and miscellaneous associated expenses. The ERBs are secured solely by the recovery property. Our creditors have no recourse to the assets of PERF and its creditors have no recourse to our assets.
- (3) Actual long-term debt consisted of \$1,159 million of pollution control bonds and \$6,282 million of senior notes and as adjusted long-term debt also includes the senior notes offered hereby, in each case, net of any discounts and premiums.
- (4) Includes \$258 million of preferred stock without mandatory redemption provisions.



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**DESCRIPTION OF THE SENIOR NOTES**

**General**

You should read the following information in conjunction with the statements under Description of the Senior Notes in the accompanying prospectus.

As used in this section, the terms we, us and our refer to Pacific Gas and Electric Company, and not to any of our subsidiaries.

The senior notes are being offered in an initial aggregate principal amount of \$600,000,000 and will mature on October 15, 2018.

We will issue the senior notes under an existing indenture, which was originally entered into on March 11, 2004 and amended and restated on April 22, 2005, between us and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee, as supplemented by supplemental indentures between us and the trustee. Please read the indenture because it, and not this description, defines your rights as holders of the senior notes. We have filed with the Securities and Exchange Commission a copy of the indenture as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus are a part.

Pursuant to the Trust Indenture Act of 1939, as amended, or the 1939 Act, if a default occurs on the senior notes, The Bank of New York Mellon Trust Company, N.A. may be required to resign as trustee under the indenture if it has a conflicting interest (as defined in the 1939 Act), unless the default is cured, duly waived or otherwise eliminated within 90 days.

We may without consent of the holders of the senior notes issue additional senior notes under the indenture, having the same terms in all respects to the senior notes (except for the public offering price and the issue date and, in some cases, the first interest payment date) so that those additional notes will be consolidated and form a single series with the other outstanding senior notes.

The senior notes will bear interest from October 21, 2008 at 8.25% per annum, payable semiannually on each April 15 and October 15, commencing on April 15, 2009, to holders of record on the 15th day prior to the interest payment date.

We will issue the senior notes in denominations of \$1,000 and integral multiples of \$1,000.

The senior notes will be redeemable at our option, in whole or in part, at any time as described under Optional Redemption below.

Interest on the senior notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. If any payment date falls on a day that is not a business day, the payment will be made on the next business day, but we will consider that payment as being made on the date that the payment was due to you. In that event, no interest will accrue on the amount payable for the period from and after the payment date.

We will issue the senior notes in the form of one or more global securities, which will be deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of DTC's nominee. Information regarding

DTC's book-entry system is set forth below under Book-Entry System; Global Notes.

**Ranking**

The senior notes will be our direct, unsecured and unsubordinated obligations and will rank equally with all our other existing and future unsecured and unsubordinated obligations. The senior notes will be effectively subordinated to all our secured debt. As of June 30, 2008, we had approximately \$6.9 billion of notes outstanding under the indenture for the senior notes.

As of June 30, 2008, we did not have any outstanding secured debt for borrowed money. The indenture contains no restrictions on the amount of additional indebtedness that may be incurred by us.

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**Optional Redemption**

We may, at our option, redeem the senior notes in whole or in part at any time at a redemption price equal to the greater of:

100% of the principal amount of the senior notes to be redeemed; or

as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the senior notes to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semiannual basis at the Adjusted Treasury Rate plus 50 basis points,

plus, in either case, accrued and unpaid interest to the redemption date.

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of the senior notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the senior notes or portions of the senior notes called for redemption.

**Adjusted Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

**Business Day** means any day that is not a day on which banking institutions in New York City are authorized or required by law or regulation to close.

**Comparable Treasury Issue** means the United States Treasury security selected by the applicable Quotation Agent as having a maturity comparable to the remaining term of the senior notes to be redeemed that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the senior notes to be redeemed.

**Comparable Treasury Price** means, with respect to any redemption date:

the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations; or

if we obtain fewer than four Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

**Quotation Agent** means the Reference Treasury Dealer appointed by us for the senior notes.

**Reference Treasury Dealer** means (1) each of Banc of America Securities LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. and their respective successors, unless any of them ceases to be a Primary Treasury Dealer, in which case we shall substitute another Primary Treasury Dealer; and (2) any other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that redemption date.

If we redeem only some of the senior notes, DTC's practice is to choose by lot the amount to be redeemed from the senior notes held by each of its participating institutions. DTC will give notice to these participants, and these participants will give notice to any street name holders of any indirect interests in the senior notes to be redeemed according to arrangements among them. These notices may be subject to statutory

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or regulatory requirements. We will not be responsible for giving notice of a redemption of the senior notes to be redeemed to anyone other than the registered holders of the seniors notes to be redeemed, which is currently DTC. If senior notes to be redeemed are no longer held through DTC and fewer than all the senior notes are to be redeemed, selection of senior notes for redemption will be made by the trustee in any manner the trustee deems fair and appropriate.

Subject to the foregoing and to applicable law (including, without limitation, United States federal securities laws), we or our affiliates may, at any time and from time to time, purchase outstanding senior notes by tender, in the open market or by private agreement.

## **No Sinking Fund**

There is no provision for a sinking fund for the senior notes.

## **Covenants**

The indenture restricts us and any of our subsidiaries which are significant subsidiaries from incurring or assuming secured debt or entering into sale and leaseback transactions, except in certain circumstances. The accompanying prospectus describes this covenant (see Restrictions on Liens and Sale and Leaseback Transactions in the accompanying prospectus) and other covenants contained in the indenture in greater detail and should be read prior to investing.

## **Book-Entry System; Global Notes**

Except as set forth below, the senior notes will initially be issued in the form of one or more global notes. The senior notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the senior notes in the aggregate principal amount of such series, and will be deposited with DTC or the trustee on behalf of DTC. If, however, the aggregate principal amount of the senior notes exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of senior notes. Investors may hold their beneficial interests in a global note directly through DTC or indirectly through organizations which are participants in the DTC system.

Unless and until they are exchanged in whole or in part for certificated notes, the global notes may not be transferred except as a whole by DTC or its nominee.

DTC has advised us as follows:

DTC is a limited purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's direct participants deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies,

clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC has S&P s

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highest rating: AAA. The DTC rules applicable to its direct and indirect participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the senior notes under the DTC system must be made by or through direct participants, which will receive a credit for the senior notes on DTC's records. The ownership interest of each actual purchaser of each senior note, or the beneficial owner, is, in turn, to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the senior notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in senior notes, except in the event that use of the book-entry system for the senior notes is discontinued.

To facilitate subsequent transfers, all senior notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of senior notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the senior notes; DTC's records reflect only the identity of the direct participants to whose accounts the senior notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of the senior notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the senior notes, such as redemptions, tenders, defaults and proposed amendments to the senior note documents. For example, beneficial owners of senior notes may wish to ascertain whether the nominee holding the senior notes for their benefit has agreed to obtain and transmit notices to beneficial owners. In the alternative, beneficial owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the senior notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in the senior notes to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to senior notes unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts senior notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the senior notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of the participant and not of DTC nor its nominee, agent or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds,

distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or agent, disbursement of the payments to direct participants will be the

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responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

DTC may discontinue providing its services as depository with respect to the senior notes at any time by giving reasonable notice to the issuer or the agent. Under such circumstances, in the event that a successor depository is not obtained, senior note certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, senior note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable but we take no responsibility for the accuracy thereof.

**UNDERWRITING**

Subject to the terms and conditions set forth in an underwriting agreement between us and the underwriters named below, for whom Banc of America Securities LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally and not jointly agreed to purchase from us, the principal amount of senior notes set forth opposite its name below.

<b>Underwriter</b>	<b>Principal Amount of Senior Notes</b>
Banc of America Securities LLC	\$ 162,000,000
Citigroup Global Markets Inc.	162,000,000
Deutsche Bank Securities Inc.	162,000,000
BNY Mellon Capital Markets, LLC	51,000,000
Cabrera Capital Markets, LLC	21,000,000
Muriel Siebert & Co., Inc.	21,000,000
U.S. Bancorp Investments, Inc.	21,000,000
<b>Total</b>	<b>\$ 600,000,000</b>

The underwriters have agreed, subject to the terms and conditions set forth in the underwriting agreement, to purchase all of the senior notes if any of the senior notes are purchased.

The underwriters propose to offer the senior notes directly to the public at the public offering price specified on the cover page to this prospectus supplement and may also offer the senior notes to certain dealers at the public offering price less a concession not to exceed 0.40% of the principal amount of the senior notes. The underwriters may allow, and these dealers may reallow, a concession not to exceed 0.20% of the principal amount of the senior notes to certain brokers and dealers. After the initial offering of the senior notes, the underwriters may change the offering price and concession.

The senior notes have no established trading market. We currently have no intention to list the senior notes on any securities exchange or automated dealer quotation system. The underwriters may make a market in the senior notes after completion of the offering, but will not be obligated to make a market in the senior notes and may discontinue

such market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the senior notes or that an active public market for the senior notes will develop. If an active public trading market for the senior notes does not develop, the market price and liquidity of the senior notes may be adversely affected.

We will agree to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments which the underwriters may be required to make in respect thereof.

We estimate the expenses for this offering, other than the underwriting commission, to be approximately \$770,000.

We will agree with the underwriters not to, during the period seven days from the date of the underwriting agreement, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any debt securities other than the senior notes, without the prior written consent of each of Banc of America Securities LLC, Citigroup

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Global Markets Inc. and Deutsche Bank Securities Inc. This agreement will not apply to issuances of commercial paper or other debt securities with scheduled maturities of less than one year.

In order to facilitate the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the senior notes. Specifically, the underwriters may over-allot in connection with the offering, creating short positions in the senior notes for their own accounts. In addition, to cover over-allotments or to stabilize the price of the senior notes, the underwriters may bid for, and purchase, senior notes in the open market. The underwriters may reclaim selling concessions allowed to an underwriter or dealer for distributing senior notes in the offering, if the underwriters repurchase previously distributed senior notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the senior notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time without notice.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither we nor any underwriter makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the senior notes. In addition, neither we nor any underwriter makes any representation that the underwriters will engage in such transactions or that such transactions once commenced will not be discontinued without notice.

Certain of the underwriters and their affiliates have engaged and may in the future engage in transactions with, and, from time to time, have performed and may perform investment banking and/or commercial banking services for, us and certain of our affiliates in the ordinary course of business, for which they have received and will receive customary compensation.

**GENERAL INFORMATION**

The notes have been accepted for clearance through DTC and have been assigned the following identification number:

	<b>CUSIP Number</b>
Senior notes	694308 GN1

**LEGAL MATTERS**

The validity of the senior notes will be passed upon for us by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York represents the underwriters. Skadden, Arps, Slate, Meagher & Flom LLP has in the past performed, and continues to perform, legal services in connection with federal regulatory and transactional matters for us and our affiliates.

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**PROSPECTUS**

**Pacific Gas and Electric Company**

Senior Notes

We may offer and sell from time to time an indeterminate principal amount of senior notes in one or more offerings. This prospectus provides you with a general description of the senior notes that may be offered.

Each time we sell senior notes, we will provide a prospectus supplement that contains specific information about the offering and the terms of the offered senior notes. The prospectus supplement also may add, delete, update or change information contained in this prospectus. You should carefully read this prospectus and any applicable prospectus supplement for the specific offering before you invest in any of the senior notes. This prospectus may not be used to sell senior notes unless accompanied by a prospectus supplement.

The senior notes may be sold to or through underwriters, dealers or agents or directly to other purchasers. A prospectus supplement will set forth the names of any underwriters, dealers or agents involved in the sale of the senior notes, the aggregate principal amount of senior notes to be purchased by them and the compensation they will receive.

**See Risk Factors on page 1 for information on certain risks related to the purchase of our securities.**

**None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

February 22, 2008

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we may from time to time sell an indeterminate principal amount of senior notes in one or more offerings.

This prospectus provides you with only a general description of the senior notes that we may offer. This prospectus does not contain all of the information set forth in the registration statement of which this prospectus is a part, as permitted by the rules and regulations of the SEC. For additional information regarding us and the offered senior notes, please refer to the registration statement of which this prospectus is a part. Each time we sell senior notes, we will provide a prospectus supplement that contains specific information about the offering and the terms of the offered senior notes. The prospectus supplement also may add, delete, update or change information contained in this prospectus. You should rely only on the information in the applicable prospectus supplement if this prospectus and the applicable prospectus supplement are inconsistent. Before purchasing any senior notes, you should carefully read both this prospectus and the applicable prospectus supplement, together with the additional information described under the section of this prospectus titled Where You Can Find More Information. In particular, you should carefully consider the risks and uncertainties described under the section titled Risk Factors or otherwise included in any applicable prospectus supplement or incorporated by reference in this prospectus before you decide whether to purchase the senior notes. These risks and uncertainties, together with those not known to us or those that we may deem immaterial, could impair our business and ultimately affect our ability to make payments on the senior notes.

You should rely only on the information contained or incorporated by reference in this prospectus and in any applicable prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor any underwriter, dealer or agent will make an offer to sell the senior notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus and any applicable prospectus supplement is accurate only as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since those dates.

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**PACIFIC GAS AND ELECTRIC COMPANY**

We are a public utility operating in northern and central California. We engage in the businesses of electricity and natural gas distribution, electricity generation, procurement and transmission, and natural gas procurement, transportation and storage.

We were incorporated in California in 1905. Our principal executive offices are located at 77 Beale Street, P.O. Box 770000, San Francisco, California 94177, and our telephone number at that location is (415) 973-7000.

Unless otherwise indicated, when used in this prospectus, the terms we, our, ours and us refer to Pacific Gas and Electric Company and its subsidiaries, and the term Corp refers to our parent, PG&E Corporation.

**RISK FACTORS**

Investing in our securities involves risk. Please see risk factors described in our Annual Report on Form 10-K and other reports filed with the SEC, which are all incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus or the applicable supplement to this prospectus. The risks and uncertainties described are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations, financial results and the value of our securities.

**FORWARD-LOOKING STATEMENTS**

This prospectus, the documents incorporated by reference in this prospectus and any applicable prospectus supplement contain forward-looking statements that are necessarily subject to various risks and uncertainties. These statements are based on current estimates, expectations and projections about future events, and assumptions regarding these events and management's knowledge of facts as of the date of this report. These forward-looking statements relate to, among other matters, estimated capital expenditures, estimated Utility rate base, estimated environmental remediation liabilities, estimated tax liabilities, the anticipated out