

# ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

## PG&E Corporation CONSOLIDATED STATEMENTS OF INCOME (in millions, except per share amounts)

	Year ended December 31,		
	2017	2016	2015
<b>Operating Revenues</b>			
Electric	\$ 13,124	\$ 13,864	\$ 13,657
Natural gas	4,011	3,802	3,176
<b>Total operating revenues</b>	<b>17,135</b>	<b>17,666</b>	<b>16,833</b>
<b>Operating Expenses</b>			
Cost of electricity	4,309	4,765	5,099
Cost of natural gas	746	615	663
Operating and maintenance	6,270	7,354	6,951
Depreciation, amortization, and decommissioning	2,854	2,755	2,612
<b>Total operating expenses</b>	<b>14,179</b>	<b>15,489</b>	<b>15,325</b>
<b>Operating Income</b>	<b>2,956</b>	<b>2,177</b>	<b>1,508</b>
Interest income	31	23	9
Interest expense	(888)	(829)	(773)
Other income, net	72	91	117
<b>Income Before Income Taxes</b>	<b>2,171</b>	<b>1,462</b>	<b>861</b>
Income tax provision (benefit)	511	55	(27)
<b>Net Income</b>	<b>1,660</b>	<b>1,407</b>	<b>888</b>
<b>Preferred stock dividend requirement of subsidiary</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Income Available for Common Shareholders</b>	<b>\$ 1,646</b>	<b>\$ 1,393</b>	<b>\$ 874</b>
<b>Weighted Average Common Shares Outstanding, Basic</b>	<b>512</b>	<b>499</b>	<b>484</b>
<b>Weighted Average Common Shares Outstanding, Diluted</b>	<b>513</b>	<b>501</b>	<b>487</b>
<b>Net Earnings Per Common Share, Basic</b>	<b>\$ 3.21</b>	<b>\$ 2.79</b>	<b>\$ 1.81</b>
<b>Net Earnings Per Common Share, Diluted</b>	<b>\$ 3.21</b>	<b>\$ 2.78</b>	<b>\$ 1.79</b>

See accompanying Notes to the Consolidated Financial Statements.

**PG&E Corporation**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions)

	<b>Balance at December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 449	\$ 177
Accounts receivable		
Customers (net of allowance for doubtful accounts of \$64 and \$58 at respective dates)	1,243	1,252
Accrued unbilled revenue	946	1,098
Regulatory balancing accounts	1,222	1,500
Other	861	801
Regulatory assets	615	423
Inventories		
Gas stored underground and fuel oil	115	117
Materials and supplies	366	346
Income taxes receivable	-	160
Other	464	290
<b>Total current assets</b>	<b>6,281</b>	<b>6,164</b>
<b>Property, Plant, and Equipment</b>		
Electric	55,133	52,556
Gas	19,641	17,853
Construction work in progress	2,471	2,184
Other	3	2
<b>Total property, plant, and equipment</b>	<b>77,248</b>	<b>72,595</b>
Accumulated depreciation	(23,459)	(22,014)
<b>Net property, plant, and equipment</b>	<b>53,789</b>	<b>50,581</b>
<b>Other Noncurrent Assets</b>		
Regulatory assets	3,793	7,951
Nuclear decommissioning trusts	2,863	2,606
Income taxes receivable	65	70
Other	1,221	1,226
<b>Total other noncurrent assets</b>	<b>7,942</b>	<b>11,853</b>
<b>TOTAL ASSETS</b>	<b>\$ 68,012</b>	<b>\$ 68,598</b>

See accompanying Notes to the Consolidated Financial Statements.

**PG&E Corporation**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Year ended December 31,		
	2017	2016	2015
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 1,660	\$ 1,407	\$ 888
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, and decommissioning	2,854	2,755	2,612
Allowance for equity funds used during construction	(89)	(112)	(107)
Deferred income taxes and tax credits, net	1,254	1,030	693
Disallowed capital expenditures	47	507	407
Other	307	379	326
Effect of changes in operating assets and liabilities:			
Accounts receivable	67	(473)	(177)
Butte-related insurance receivable	(21)	(575)	-
Inventories	(18)	(24)	37
Accounts payable	173	180	(55)
Butte-related third-party claims	(129)	690	-
Income taxes receivable/payable	160	(5)	43
Other current assets and liabilities	42	83	(288)
Regulatory assets, liabilities, and balancing accounts, net	(387)	(1,214)	(244)
Other noncurrent assets and liabilities	57	(219)	(355)
<b>Net cash provided by operating activities</b>	<b>5,977</b>	<b>4,409</b>	<b>3,780</b>
<b>Cash Flows from Investing Activities</b>			
Capital expenditures	(5,641)	(5,709)	(5,173)
Decrease in restricted cash	-	227	64
Proceeds from sales and maturities of nuclear decommissioning trust investments	1,291	1,295	1,268
Purchases of nuclear decommissioning trust investments	(1,323)	(1,352)	(1,392)
Other	23	13	22
<b>Net cash used in investing activities</b>	<b>(5,650)</b>	<b>(5,526)</b>	<b>(5,211)</b>
<b>Cash Flows from Financing Activities</b>			
Net issuances (repayments) of commercial paper, net of discount of \$5, \$6, and \$3 at respective dates	(840)	(9)	683
Short-term debt financing	750	500	-
Short-term debt matured	(500)	-	(300)
Proceeds from issuance of long-term debt, net of premium, discount and issuance costs of \$32, \$17 and \$27 at respective dates	2,713	983	1,123
Long-term debt matured or repurchased	(1,445)	(160)	-
Common stock issued	395	822	780
Common stock dividends paid	(1,021)	(921)	(856)
Other	(107)	(44)	(27)
<b>Net cash provided by financing activities</b>	<b>(55)</b>	<b>1,171</b>	<b>1,403</b>
<b>Net change in cash and cash equivalents</b>	<b>272</b>	<b>54</b>	<b>(28)</b>
<b>Cash and cash equivalents at January 1</b>	<b>177</b>	<b>123</b>	<b>151</b>
<b>Cash and cash equivalents at December 31</b>	<b>\$ 449</b>	<b>\$ 177</b>	<b>\$ 123</b>

**Supplemental disclosures of cash flow information**

Cash received (paid) for:

Interest, net of amounts capitalized	\$	(790)	\$	(726)	\$	(684)
Income taxes, net		162		231		77

**Supplemental disclosures of noncash investing and financing activities**

Common stock dividends declared but not yet paid	\$	-	\$	248	\$	224
Capital expenditures financed through accounts payable		501		403		440
Noncash common stock issuances		21		20		21
Terminated capital leases		23		18		-

See accompanying Notes to the Consolidated Financial Statements.