

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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

	Year ended December 31,		
	2015	2014	2013
<b>Operating Revenues</b>			
Electric	\$ 13,657	\$ 13,658	\$ 12,494
Natural gas	3,176	3,432	3,104
<b>Total operating revenues</b>	<b>16,833</b>	<b>17,090</b>	<b>15,598</b>
<b>Operating Expenses</b>			
Cost of electricity	5,099	5,615	5,016
Cost of natural gas	663	954	968
Operating and maintenance	6,951	5,638	5,775
Depreciation, amortization, and decommissioning	2,612	2,433	2,077
<b>Total operating expenses</b>	<b>15,325</b>	<b>14,640</b>	<b>13,836</b>
<b>Operating Income</b>			
Interest income	9	9	9
Interest expense	(773)	(734)	(715)
Other income, net	117	70	40
<b>Income Before Income Taxes</b>	<b>861</b>	<b>1,795</b>	<b>1,096</b>
Income tax (benefit) provision	(27)	345	268
<b>Net Income</b>	<b>888</b>	<b>1,450</b>	<b>828</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>\$ 874</b>	<b>\$ 1,436</b>	<b>\$ 814</b>
<b>Weighted Average Common Shares Outstanding, Basic</b>	<b>484</b>	<b>468</b>	<b>444</b>
<b>Weighted Average Common Shares Outstanding, Diluted</b>	<b>487</b>	<b>470</b>	<b>445</b>
<b>Net Earnings Per Common Share, Basic</b>	<b>\$ 1.81</b>	<b>\$ 3.07</b>	<b>\$ 1.83</b>
<b>Net Earnings Per Common Share, Diluted</b>	<b>\$ 1.79</b>	<b>\$ 3.06</b>	<b>\$ 1.83</b>

See accompanying Notes to the Consolidated Financial Statements.

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

	<b>Balance at December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 123	\$ 151
Restricted cash	234	298
Accounts receivable		
Customers (net of allowance for doubtful accounts of \$54 and \$66 at respective dates)	1,106	960
Accrued unbilled revenue	855	776
Regulatory balancing accounts	1,760	2,266
Other	286	377
Regulatory assets	517	444
Inventories		
Gas stored underground and fuel oil	126	172
Materials and supplies	313	304
Income taxes receivable	155	198
Other	347	443
<b>Total current assets</b>	<b>5,822</b>	<b>6,389</b>
<b>Property, Plant, and Equipment</b>		
Electric	48,532	45,162
Gas	16,749	15,678
Construction work in progress	2,059	2,220
Other	2	2
<b>Total property, plant, and equipment</b>	<b>67,342</b>	<b>63,062</b>
Accumulated depreciation	(20,619)	(19,121)
<b>Net property, plant, and equipment</b>	<b>46,723</b>	<b>43,941</b>
<b>Other Noncurrent Assets</b>		
Regulatory assets	7,029	6,322
Nuclear decommissioning trusts	2,470	2,421
Income taxes receivable	135	91
Other	1,160	963
<b>Total other noncurrent assets</b>	<b>10,794</b>	<b>9,797</b>
<b>TOTAL ASSETS</b>	<b>\$ 63,339</b>	<b>\$ 60,127</b>

See accompanying Notes to the Consolidated Financial Statements.

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

	Year ended December 31,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 888	\$ 1,450	\$ 828
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization, and decommissioning	2,612	2,433	2,077
Allowance for equity funds used during construction	(107)	(100)	(101)
Deferred income taxes and tax credits, net	693	690	1,075
Disalloweed capital expenditures	407	116	196
Other	326	286	355
Effect of changes in operating assets and liabilities:			
Accounts receivable	(177)	13	(152)
Inventories	37	(22)	(10)
Accounts payable	(55)	(61)	113
Income taxes receivable/payable	43	376	(363)
Other current assets and liabilities	(315)	205	(469)
Regulatory assets, liabilities, and balancing accounts, net	(244)	(1,642)	(202)
Other noncurrent assets and liabilities	(355)	(67)	80
<b>Net cash provided by operating activities</b>	<b>3,753</b>	<b>3,677</b>	<b>3,427</b>
<b>Cash Flows from Investing Activities</b>			
Capital expenditures	(5,173)	(4,833)	(5,207)
Decrease in restricted cash	64	3	29
Proceeds from sales and maturities of nuclear decommissioning trust investments	1,268	1,336	1,619
Purchases of nuclear decommissioning trust investments	(1,392)	(1,334)	(1,604)
Other	22	114	56
<b>Net cash used in investing activities</b>	<b>(5,211)</b>	<b>(4,714)</b>	<b>(5,107)</b>
<b>Cash Flows from Financing Activities</b>			
Borrowings (repayments) under revolving credit facilities	-	(260)	140
Net issuances (repayments) of commercial paper, net of discount of \$3, \$2, and \$2 at respective dates	683	(583)	542
Proceeds from issuance of short-term debt, net of issuance costs	-	300	-
Short-term debt matured	(300)	-	-
Proceeds from issuance of long-term debt, net of premium, discount, and issuance costs of \$27, \$17 and \$18 at respective dates	1,123	2,308	1,532
Repayments of long-term debt	-	(889)	(861)
Common stock issued	780	802	1,045
Common stock dividends paid	(856)	(828)	(782)
Other	-	42	(41)
<b>Net cash provided by financing activities</b>	<b>1,430</b>	<b>892</b>	<b>1,575</b>
<b>Net change in cash and cash equivalents</b>	<b>(28)</b>	<b>(145)</b>	<b>(105)</b>
<b>Cash and cash equivalents at January 1</b>	<b>151</b>	<b>296</b>	<b>401</b>
<b>Cash and cash equivalents at December 31</b>	<b>\$ 123</b>	<b>\$ 151</b>	<b>\$ 296</b>

**Supplemental disclosures of cash flow information**

Cash received (paid) for:	\$	(684)	\$	(633)	\$	(623)
Interest, net of amounts capitalized						
Income taxes, net		77		501		(41)

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

Common stock dividends declared but not yet paid	\$	224	\$	217	\$	208
Capital expenditures financed through accounts payable		440		339		322
Noncash common stock issuances		21		21		22
Terminated capital leases		-		71		-

See accompanying Notes to the Consolidated Financial Statements.