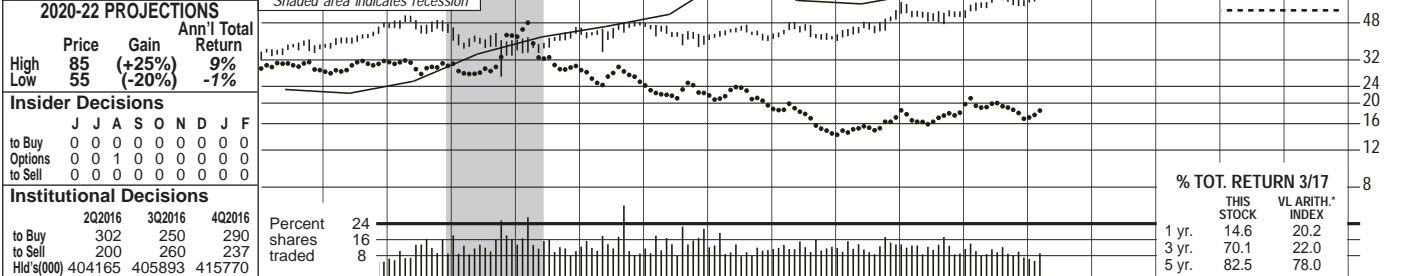


TIMELINESS 3 Lowered 3/10/17	High: 48.2	52.2	45.7	45.8	48.6	48.0	47.0	48.5	55.2	60.2	65.4	68.3	Target Price Range 2020 2021 2022	
SAFETY 3 Lowered 2/3/12	Low: 36.3	42.6	26.7	34.5	34.9	36.8	39.4	39.9	39.4	47.3	50.7	59.9		120
TECHNICAL 3 Raised 4/14/17	LEGENDS 0.81 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area indicates recession													



2020-22 PROJECTIONS		Ann'l Total																		% TOT. RETURN 3/17		
Price	Gain	Return																		THIS STOCK	VL ARITH. INDEX	
High 85	(+25%)	9%																		1 yr.	14.6	20.2
Low 55	(-20%)	-1%																		3 yr.	70.1	22.0
																				5 yr.	82.5	78.0

CAPITAL STRUCTURE as of 12/31/16																	© VALUE LINE PUB. LLC		20-22	
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Revenues per sh		41.25
63.18	32.74	25.05	26.47	31.78	36.02	37.42	40.51	36.15	35.02	36.28	34.92	34.16	35.91	34.21	34.85	35.65	36.75	"Cash Flow" per sh		11.00
5.66	1.14	4.80	5.71	7.12	7.76	8.02	8.44	8.37	8.22	8.08	7.32	6.33	8.13	7.29	8.23	9.20	9.65	Earnings per sh ^A		4.50
3.02	d2.36	2.05	2.12	2.35	2.76	2.78	3.22	3.03	2.82	2.78	2.07	1.83	3.06	2.00	2.83	3.65	3.90	Div'd Decl'd per sh ^B †		2.90
--	--	--	--	1.23	1.32	1.44	1.56	1.68	1.82	1.82	1.82	1.82	1.82	1.82	1.93	2.08	2.27	Cap'l Spending per sh		11.50
7.33	7.94	4.08	3.72	4.90	6.90	7.83	10.05	10.68	9.62	9.79	10.74	11.40	10.16	10.51	11.26	11.65	11.55	Book Value per sh ^C		45.50
11.89	9.47	10.12	20.62	19.60	22.44	24.18	25.97	27.88	28.55	29.35	30.35	31.41	33.09	33.69	35.39	37.50	39.45	Common Shs Outst'g ^D		535.00
363.38	381.67	416.52	418.62	368.27	348.14	353.72	361.06	370.60	395.23	412.26	430.72	456.67	475.91	492.03	506.89	515.00	520.00	Avg Ann'l P/E Ratio		15.5
4.8	--	9.5	13.8	15.4	14.8	16.8	12.1	13.0	15.8	15.5	20.7	23.7	15.0	26.4	21.1	Relative P/E Ratio		.95		
.25	--	.54	.73	.82	.80	.89	.73	.87	1.01	.97	1.32	1.33	.79	1.33	1.11	Avg Ann'l Div'd Yield		4.1%		
--	--	--	--	3.4%	3.2%	3.1%	4.0%	4.3%	4.1%	4.2%	4.2%	4.2%	4.0%	3.4%	3.2%	Avg Ann'l Div'd Yield		4.1%		

ELECTRIC OPERATING STATISTICS																	BUSINESS: PG&E Corporation is a holding company for Pacific Gas and Electric Company and nonutility subsidiaries. Supplies electricity and gas to most of northern and central California. Has 5.4 million electric and 4.4 million gas customers. Electric revenue breakdown: residential, 40%; commercial, 39%; industrial, 11%; agricultural, 9%; other, 1%. Generating sources: nuclear, 24%; hydro, 11%; gas, 7%; purchased, 58%. Fuel costs: 30% of revenues. *16 reported depreciation rate (utility): 3.8%. Has 24,000 employees. Chairman, President & Chief Executive Officer: Anthony F. Earley, Jr. President & CEO: Geisha J. Williams. Incorporated: California. Address: 77 Beale Street, P.O. Box 770000, San Francisco, CA 94177. Tel.: 415-973-1000. Internet: www.pgecorp.com.				
		2014	2015	2016														18350	19100	Revenues (\$mill)	22100
% Change Retail Sales (KWH)		-2	-5	-3.3														16833	17666	Net Profit (\$mill)	2485
Avg. Indust. Use (MWH)		NA	NA	NA														988.0	1431.0	Income Tax Rate	20.0%
Avg. Indust. Revs. per KWH (c)		9.98	9.73	9.90														988.0	1431.0	AFUDC % to Net Profit	7.0%
Capacity at Peak (Mw)		NMF	NMF	NMF														988.0	1431.0	Long-Term Debt Ratio	47.0%
Peak Load, Summer (Mw)		NMF	NMF	NMF														988.0	1431.0	Common Equity Ratio	52.5%
Annual Load Factor (%)		NMF	NMF	NMF														988.0	1431.0	Total Capital (\$mill)	46300
% Change Customers (yr-end)		+6	+7	+7														988.0	1431.0	Net Plant (\$mill)	65300
Fixed Charge Cov. (%)		304	189	242														988.0	1431.0	Return on Total Cap'l	6.5%

PG&E has received a proposed decision from an administrative law judge for its general rate case. The utility reached a settlement calling for rate increases for electricity and gas totaling \$88 million in 2017 (retroactive to the start of the year), \$444 million in 2018, and \$361 million in 2019. The ALJ's recommendation was similar to the settlement, except that the hike this year would be \$86 million. A ruling from the California Public Utilities Commission (CPUC) is expected soon.

The utility has reached a settlement regarding its cost of capital. (In California, the cost of capital is reviewed separately from a general rate case.) The settlement, if approved by the CPUC, would reduce PG&E's allowed return on equity from 10.4% to 10.25%, beginning in 2018. Its common-equity ratio would remain at 52%. The change would reduce the utility's earning power by an estimated \$29 million.

Earnings should be much improved this year and next. Ever since a gas pipeline exploded in San Bruno, California in September of 2010, PG&E's earnings have been hurt by unrecovered costs associated with the accident. Much of this (and \$300 million in fines) was funded with equity, which is why the share count is much higher than in 2010. PG&E expects to record most of the last of these costs in the first quarter of 2017. However . . .

Costs associated with a wildfire in 2015 are unresolved. The estimated third-party claims are \$750 million, and the utility also incurred cleanup and legal expenses. PG&E believes the claims are recoverable through insurance, but the net effect of this reduced the bottom line by \$0.27 a share in 2016.

We look for a dividend hike with the July payment. That was the timing of the raise last year—the first increase since the San Bruno explosion. We estimate that the board of directors will boost the quarterly disbursement by \$0.04 a share (8.2%). PG&E is targeting a payout ratio of 55%-65%.

We have a neutral stance on this stock. The dividend yield and 3- to 5-year total return potential are not far from the averages for the electric utility industry. *Paul E. Debbas, CFA* April 28, 2017