

50-275/323

1 Irving Sulmeyer (CA Bar No. 22910)  
Victor A. Sahn (CA Bar No. 97299)  
2 Frank V. Zerunyan (CA Bar No. 140191)  
3 **SULMEYER, KUPETZ, BAUMANN & ROTHMAN**  
A Professional Corporation  
300 South Grand Avenue, 14th Floor  
4 Los Angeles, California 90071  
Telephone: (213) 626-2311  
5 Facsimile: (213) 629-4520

6 Attorneys for Certain California Counties  
with Claims against Pacific Gas & Electric Co.  
7  
8

9 **UNITED STATES BANKRUPTCY COURT**  
10 **NORTHERN DISTRICT OF CALIFORNIA (SAN FRANCISCO)**

11  
12 In re  
13 Pacific Gas & Electric Co.,  
14 Debtor.  
15 Federal I.D. No. 94-0742640  
16  
17  
18  
19

CASE NO. 01-30923  
Chapter 11  
**CALIFORNIA COUNTIES RESPONSE TO  
DEBTOR'S MOTION FOR AUTHORITY  
TO PAY PRE-PETITION PROPERTY  
TAXES**  
Date: May 16,2001  
Time: 9:30 a.m.  
Place: 235 Pine Street, 22<sup>nd</sup> Floor  
San Francisco, California

20  
21 **The City and County of San Francisco, and the counties of Alameda, Fresno,**  
22 **Kern, San Joaquin, San Luis Obispo, Santa Barbara, Santa Clara, Sonoma, Stanislaus, Trinity,**  
23 **Tulare and Tuolumne (collectively "California Counties") respond to the Debtor's Motion for**  
24 **Authority to Pay Pre-petition Property Taxes (Debtor's Motion") as follows:**

25 1. The amounts shown on Exhibit A attached to the Declaration of Charles M.  
26 Marre in support of Debtor's Motion are accurate statements of the principal due on account of  
27 unpaid real property taxes owed by the Debtor to California Counties, but the assessed values  
28 shown thereon are not accurate with respect to twelve (12) counties.

**SULMEYER, KUPETZ, BAUMANN & ROTHMAN**  
300 SOUTH GRAND AVENUE, 14<sup>TH</sup> FLOOR  
LOS ANGELES, CALIFORNIA 90071  
TEL. (213) 626-2311 • FAX (213) 629-4520

*ADD: Add: Eids Use Mail Center*

1                   2.       California Counties admit and allege that the failure to pay the unpaid real  
2 property taxes is causing undue hardship to the California Counties and other local entities,  
3 including schools and cities, which have ongoing obligations to pay for public services, including  
4 police, public safety, public health, and education etc. California Counties admit and allege that  
5 they and the local entities that receive portions of the property tax depend on such taxes paid by  
6 Pacific Gas and Electric Co. ("PG&E") to fund the delivery of essential goods and services to their  
7 residents. California Counties also admit that their county budgets assume timely receipt of the  
8 pre-petition taxes. California Counties further admit the allegations of the Debtor in its  
9 Memorandum of Points and Authorities (page 2, lines 2 through 5): (1) that the claims for such  
10 taxes are fully secured claims; (2) that the immediate payments of such claims will reduce the  
11 estate's liability for late payment penalties; (3) that the payment and claims for taxes does not  
12 prejudice any other creditors; and (4) the failure to pay unpaid real property tax claims would  
13 impose undue hardship on the California Counties which depend on taxes paid by PG&E to fund  
14 essential services.

15                   3.       The failure of the Debtor to pay unpaid real property taxes in a timely  
16 fashion is neither explained, nor justified, in the Debtor's Motion. However, the Debtor's Motion  
17 does set forth valid and subsisting grounds for the prompt payment of the delinquent property  
18 taxes. Those grounds apply with equal force whether delinquent penalties are waived,  
19 compromised or paid in full. If payment is not made on or before July 1, 2001, redemption  
20 penalties, which under California Law constitute the assessment of interest, will attach at the rate  
21 of one and one-half percent (1 1/2%) per month until paid. See Revenue and Taxation Code  
22 §4103(a).

23                   4.       The Debtor is absolutely correct when it states that no one will be  
24 prejudiced by payments of the delinquent secured real property taxes. The failure to make  
25 payment before July 1, 2001, will not only continue to impose hardship on California Counties,  
26 and other local entities, without economic benefit to any of the other creditors of the estate, but  
27 will also impose the substantial and on-going obligations for redemption penalties.  
28



**SULMEYER, KUPETZ, BAUMANN & ROTHMAN**  
300 SOUTH GRAND AVENUE, 14<sup>TH</sup> FLOOR  
LOS ANGELES, CALIFORNIA 90071  
TEL. (213) 626-2311 • FAX (213) 629-4520

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

delinquent penalties and statutory costs, which issue should be reserved for later decision by the Court.

DATED: May 10, 2001

By: *Irving Sulmeyer*  
IRVING SULMEYER  
Sulmeyer, Kupetz, Baumann & Rothman,  
a Professional Corporation  
Attorneys for Responding Counties