

50-275/323

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7 PACIFIC GAS AND ELECTRIC COMPANY

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

12 In re
13 PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation,
14 Debtor.

Case No. 01-30923 DM
Chapter 11 Case
Date: July 5, 2001
Time: 9:30 a.m.
Place: 235 Pine St., 22nd Floor
San Francisco, California
Judge: Hon. Dennis Montali

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

15 Federal I.D. No. 94-0742640

18 DECLARATION OF TAMMIE CANDELARIO IN SUPPORT OF DEBTOR'S
19 SECOND MOTION FOR ORDER EXTENDING TIME TO ASSUME, ASSUME
AND ASSIGN OR REJECT REAL PROPERTY LEASES

21 I, Tammie Candelario, declare as follows:

22 1. I am the Director of Building and Land Services of Pacific Gas and Electric
23 Company (the "Debtor" or "PG&E"), a position I have held since May 2000. I am
24 responsible for, among other things, overseeing the portfolio of leases to which PG&E is a
25 party. I make this declaration in support of the Debtor's Second¹ Motion For Order

26 _____
27 ¹ On May 23, 2001, PG&E submitted a similar motion to extend the time to assume,
assume and assign or reject approximately 240 real property leases, which motion is
28 scheduled to be heard on June 20, 2001 ("First Extension Motion"). The Leases that are the
(continued . . .)

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1 Extending Time To Assume, Assume And Assign, Or Reject Real Property Leases (the
2 "Motion"). This Declaration is based on my personal knowledge, except as to matters stated
3 upon information and belief, and as to such matters, I am informed and believe them to be
4 true. If called as a witness, I could and would testify competently to the facts stated herein.

5 2. By the Motion, PG&E seeks an order extending, until the time of confirmation of
6 a plan of reorganization in this case, the time to assume or reject the real property leases
7 listed on Exhibit 1 attached hereto (collectively, the "Leases"),² without prejudice to the
8 right of any lessor subsequently to move this Court for an order compelling assumption or
9 rejection of its Lease at an earlier date for good cause shown.

10 3. PG&E is the lessee³ under 17 Leases, which can be generally categorized as
11 pertaining to one of the following functions or uses in the ordinary course of PG&E's
12 business: rights of way and similar land use rights for the transmission and distribution of
13 gas or electric power and storage of gas. Such Leases are used to support the provision of
14 gas and electric service to PG&E's customers.

15 4. Among other things, PG&E requires the additional time requested to intelligently
16 and meaningfully appraise the potential need for and value of each of the Leases (and the
17 leases that are the subject of the First Extension Motion) in the context of the formulation of
18 its plan of reorganization.

19 5. I am informed and believe that the Leases are critical assets of PG&E's
20 bankruptcy estate, since PG&E uses the property subject to the Leases to support the
21 provision of gas and electric service to PG&E's customers. Because the Leases are essential
22

23 _____
24 (... continued)
25 subject of this Motion were inadvertently omitted from the First Extension Motion.

26 ² In an abundance of caution, the Leases listed on Exhibit 1 include certain agreements
27 regarding real property rights (e.g., rights of way) that may not constitute "leases" within the
28 meaning of the applicable bankruptcy law provision.

³ References herein to PG&E's status as a "lessee" and to the "lessors" under the
Leases are for ease of reference only and should not be construed as a concession by PG&E
that the Leases constitute real property leases within the meaning of the applicable
bankruptcy law provision.

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to PG&E's ongoing business operations, and such operations are anticipated to be a critical source for funding PG&E's Chapter 11 plan, I am informed and believe that the decision to assume or reject these Leases would be integral to any plan of reorganization.

6. Since the filing of PG&E's bankruptcy case on April 6, 2001 (the "Petition Date"), I am informed and believe that PG&E has continued to make the rental payments or similar payments to the lessors under the Leases, and timely perform its other post-petition payment obligations under the Leases, and intends to continue to comply with its future post-petition payment obligations.⁴

7. Based on, among other things, PG&E's overall financial position and prospects, I am informed and believe that there is at least a reasonable possibility that PG&E will submit a plan of reorganization capable of being confirmed.

I declare under penalty of perjury under the laws of the United States of America and the State of California that the foregoing is true and correct. Executed this 5th day of June, 2001, at San Francisco, California.

Tammie Candelario
TAMMIE CANDELARIO

WD 060401/1-1419908/922153/v1

⁴Indeed, I am informed and believe that PG&E has even made pro-rata payments for any of its obligations under the Leases for the "stub period" from the Petition Date until the next regularly scheduled payment date.

PG&E LEASES FROM ASSUME_REJECT

A. Lease Description		B. Lease Location/Contact					C. Lease Abstract				D. Legal Notice Information		
1	McDonald Island Land Lease	McDonald Island Gas Compressor Station	Zuckerman Road	McDonald Island	utility	San Joaquin	Susan Bragagnolo	none	Payment Made	one time	see LD 2202-04-0292	Zuckerman-Mandeville, Inc.	PO Box 487, Stockton, CA 95201-0487
2	State Lands Commission Lease PRC 383.2 for 12 kv electric distribution	NA	24 miles West of Redding	Redding	General Lease Right of Way Use	Shasta and Trinity	Susan Bragagnolo	10/13/18	9/28/00	annual	see LD 2433-09-0428	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
3	State Lands Commission Lease PRC 5391.2 for 60kv electric transmission crossing e/o	NA		Shasta County	General Lease Right of Way Use	Shasta	Susan Bragagnolo	10/28/25	10/13/00	annual	see LD 2135-06-0001	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
4	State Lands Commission Lease PRC 7265.2 for 12 kv electric	NA	14 miles north of Burney	Shasta County	General Lease Right of Way Use	Shasta	Susan Bragagnolo	11/29/18	11/8/00	annual	see LD 2137-03-0197	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
5	State Lands Commission Lease PRC 4385.1 for down intake structure			Contra Costa County	Industrial Lease	Contra Costa	Susan Bragagnolo	1/6/16	12/14/00	annual	see LD 2402-04-0962	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
6	State Lands Commission Lease Master Agreement 6827.1 for electric transmission facilities			Statewide	General Lease Right of Way Use	Statewide	Susan Bragagnolo	4/30/15	4/19/01	annual	see LD xxma-01-0286	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
7	State Lands Commission Lease Master Agreement 5438.1 for gas line			Statewide	General Lease Right of Way Use	Statewide	Susan Bragagnolo	12/21/97	12/14/00	annual	see LD xxma-01-0222; two 10 year renewal options	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
8	State Lands Commission Lease Master Agreement 6205.1 for electric			Statewide	General Lease Right of Way Use	Statewide	Susan Bragagnolo	8/31/12	8/14/00	annual	see LD xxma-01-0262; two 10 year renewal options	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
9	State Lands Commission Lease PRC 4307.1 for water intake at Disblo	Diablo Canyon Power Plant		San Luis Obispo	Lease	San Luis Obispo	Susan Bragagnolo	8/28/18	8/2/00	annual	see LD 2231-10-0044	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
10	State Lands Commission Lease PRC 4449.1 for cooling water discharge	Diablo Canyon Power Plant		San Luis Obispo	Right of Way	San Luis Obispo	Susan Bragagnolo	5/31/19	5/18/01	annual	see LD 2231-10-0048	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
11	State Lands Commission Lease PRC 2158.2 for Rodman Mountain	Rodman Mountain		San Bernadino County	Right-of-Way Easement	San Bernadino	Susan Bragagnolo	4/30/07	Payment Made	one time	see LD 3107-03-0022	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
12	State Lands Commission Lease PRC 6703.1 for 70kv near Mariposa		Briceburg to Mariposa	Mariposa County	General Lease Right of Way Use	Mariposa	Susan Bragagnolo	6/30/09	6/20/00	annual	see LD 2204-18-0254	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
13	State Lands Commission Lease PRC 5040.1 for Richmond-Antioch fuel line crossing at Walnut			Contra Costa County	Industrial Lease	Contra Costa	Susan Bragagnolo	7/31/00	7/28/00	annual	see LD 2402-04-1515; date shown for expiration is expiration of first 10 year option, there are two	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
14	State Lands Commission Lease PRC 7525.9 patented from BLM CALA 14013 for Topock			San Bernadino County	Right of Way	San Bernadino	Susan Bragagnolo		No Payment required	none	see LD 3109-02-0087 or 2222-18-0197	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
15	State Lands Commission Lease 6794.2 patented from BLM CA 6624 for operation and maintenance of access		southwest of Whispering Pines	Lake and Sonoma Counties	Right of Way	Lake and Sonoma	Susan Bragagnolo	11/18/99	11/16/00	annual	see LD 2411-08-0159; patent document needed	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202
16	State Lands Commission Lease PRC 1531.2 for two natural gas pipelines		4 miles east of Searles	San Bernadino County	General Lease Right of Way Use	San Bernadino	Susan Bragagnolo	12/31/12	12/14/00	annual	see LD 2228-41-0027	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202

EXHIBIT 1

PG&E LEASES FROM ASSUME_REJECT

A. Lease Description		B. Lease Location/Contact				C. Lease Abstract			D. Legal Notice Information			
17	State Lands Commission Lease PRC 2418.1 for communications cable crossing of Napa River		Napa	easement	Napa	Susan Bragegnolo	6/24/08	Payment Made	one time	see LD 2405-04-0655	California State Lands Commission	100 Howe Avenue, Suite 100 South, Sacramento CA 95825-8202