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Attorneys for OFFICIAL COMMITTEE OF
UNSECURED CREDITORS

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

MILBANK, TWEED, HADLEY & McCLOY LLP
ATTORNEYS AT LAW
LOS ANGELES

In re
PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation,

Debtor.

Federal I.D. No. 94-0742640

No. 01-30923 DM
Chapter 11 Case
Date: July 18, 2001
Time: 9:30 a.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, California

**DECLARATION OF DINYAR B. MISTRY IN SUPPORT OF MOTION OF
DEBTOR AND OFFICIAL CREDITORS COMMITTEE FOR ORDER
ESTABLISHING PROCEDURES FOR INTERIM (1) COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF PROFESSIONALS EMPLOYED AT
EXPENSE OF BANKRUPTCY ESTATE AND (2) REIMBURSEMENT OF
EXPENSES OF COMMITTEE MEMBERS**

*Acc'd
9/1 Add: Rids Ogc Mail Center*

1 I, Dinyar B. Mistry, declare as follows:

2 1. I am the Vice President and Controller at Pacific Gas and Electric Company,
3 the Debtor and Debtor in Possession herein ("PG&E"). Except as otherwise stated, I have
4 personal knowledge of the facts set forth below, and if called upon, I could and would
5 competently testify based upon such personal knowledge.

6 2. PG&E commenced this chapter 11 case on April 6, 2001. On or about April
7 10, 2001, the Office of the United States Trustee ("OUST") appointed the Official Committee
8 of Unsecured Creditors ("Committee"). PG&E and the Committee have since employed
9 legal, accounting and investment banking professionals to assist them in this chapter 11 case,
10 and approval of the engagements are either pending before the Court or have been approved.

11 3. As of March 31, 2001, PG&E's total assets and liabilities were
12 approximately \$22.4 billion and \$21.6 billion, respectively, making this an unusually large
13 bankruptcy case. The great amount of activity that has already occurred in just the first two
14 months of the case evidences that substantial amounts of professional fees have accrued
15 during the first two and one half months of this case and are likely to accrue each month
16 hereafter. For example, PG&E's bankruptcy legal counsel, Howard, Rice Nemerovski,
17 Canady, Falk & Rabkin have incurred fees and expenses in the approximate amount of
18 \$2,650,000 for the first two months of the case. Based on the amount of work that has been
19 performed, I understand that other professionals employed by PG&E and the Committee have
20 incurred similar fees and expenses. Based on the tremendous amount of work that still needs
21 to be performed, these professionals will continue to incur similar levels of fees and expenses
22 during the pendency of this case. Accordingly, failure to compensate the professionals on a
23 monthly basis would impose an unusually large and undue burden on them.

24 4. All of the professionals employed or proposed for employment to date are
25 experienced bankruptcy professionals.

26 5. The professionals that would be covered by the Motion already have
27 devoted, and in the future will be required to devote, substantial time, effort, and expense
28

1 relating to services on behalf of PG&E and its estate. The absence of a procedure by which
2 PG&E and its estate may compensate and reimburse the professionals on a relatively current
3 basis is burdensome to the professionals, would unfairly compel the professionals to finance
4 PG&E's Chapter 11 case, and could discourage other professionals from accepting or
5 continuing employment in this case. PG&E, the Office of the U. S. Trustee and the
6 Committee will better be able to monitor and control the fees and expenses of the
7 professionals by reviewing, on a monthly basis instead of a 120-day basis, the amounts
8 requested for interim compensation and expense reimbursement.

9 I declare under penalty of perjury under the laws of the United States of
10 America that the foregoing is true and correct.

11 Executed this 29th day of June 2001 at San Francisco, California.

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13 _____
14 Dinyar B. Mistry

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