

50-295/323

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Attorneys for Debtor and Debtor in Possession
PACIFIC GAS AND ELECTRIC COMPANY

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

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

No. 01-30923 DM

Chapter 11 Case

Date: December 27, 2001
Time: 1:30 p.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, CA
Judge: Hon. Dennis Montali

Federal I.D. No. 94-0742640

DECLARATION OF KEVIN J. DOWD
IN SUPPORT OF DEBTOR'S MOTION FOR
AUTHORIZATION TO SETTLE CERTAIN PRE-PETITION CLAIMS

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HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

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1 I, Kevin J. Dowd, declare as follows:

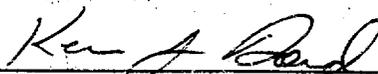
2 1. I am the Director of Purchasing for Pacific Gas and Electric Company
3 ("PG&E"), a position I have held since September 1998, and I am one of the managers of
4 PG&E's claims resolution process. I make this Declaration in support of PG&E's Motion for
5 Authorization to Settle Certain Pre-petition Claims ("the Motion") based upon my personal
6 knowledge of PG&E's general operations, upon my review of PG&E's records concerning
7 the matters stated herein, and upon information provided to me by consultants employed by
8 PG&E to assist in the examination of proofs of claim filed in this case. If called as a witness,
9 I could and would testify competently to the facts stated herein.

10 2. Approximately 12,800 claims have been filed in this case to date. In terms of
11 the number of claims filed, approximately 80.5% are general unsecured claims in an amount
12 of \$100,000 or less, although these claims represent only about \$120 million in amounts
13 claimed. The remaining claims are for amounts in excess of \$100,000.

14 3. PG&E has obtained the approval of the Official Committee of Unsecured
15 Creditors for the settlement authorizations sought by the Motion.

16 4. PG&E anticipates that the claims resolution process will be time-consuming
17 and require a great deal of effort on the part of its business and legal teams, as well as outside
18 counsel. The procedures proposed in the Motion will facilitate the efficient resolution of the
19 vast majority of the claims in this case and reduce professional fees and other costs for all
20 affected parties in interest.

21 I declare under penalty of perjury under the laws of the United States of America
22 that the foregoing is true and correct. Executed this 6th day of December, 2001, at San
23 Francisco, California.

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26 KEVIN J. DOWD

27 WD 120601/1-1419913/120/962427/v1

FILED

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U.S. BANKRUPTCY COURT
NORTHERN DIST. OF CA.
SAN FRANCISCO, CA.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In re) Bankruptcy Case
PACIFIC GAS & ELECTRIC COMPANY,) No. 01-30923DM
Debtor.) Chapter 11

ORDER RESCHEDULING HEARINGS ON
APPROVAL OF DISCLOSURE STATEMENT

On December 4, 2001, the court conducted a status conference regarding objections to the Debtor's Disclosure Statement for Plan of Reorganization, etc., filed September 20, 2001 (the "original Disclosure Statement"). As stated on the record at the hearing, the following is the schedule for further proceedings for approval of the Debtor's revised Disclosure Statement:

1. The December 19, 2001, 9:30 a.m., hearing on approval of the original Disclosure Statement is VACATED.
2. No later than December 19, 2001, the Debtor is to file its revised Plan Of Reorganization and revised Disclosure Statement. It should serve those documents on all parties who filed objections to the original Disclosure Statement as well as the United States Trustee ("UST") and counsel for the Official Committee of Unsecured Creditors ("Committee"). The revised

1 Disclosure Statement should describe specifically (1) the laws and
2 regulations Debtor seeks to preempt through confirmation of its
3 revised Plan of Reorganization; (2) the governmental units
4 affected by any such preemption and (3) how the various
5 transactions contemplated by the revised Plan of Reorganization
6 will affect certain executory contracts and Debtor's obligations
7 under those contracts;.

8 3. No later than January 10, 2002, Debtor is to file and
9 serve on parties who have objected to the original Disclosure
10 Statement, the Committee, and the UST, a summary identifying
11 outstanding objections to the adequacy of the revised Disclosure
12 Statement as of that date, along with the Debtor's proposed
13 resolution, if any, of those objections.

14 4. The court will hold a hearing on January 14, 2002, at
15 9:30 a.m., to consider objections to the adequacy of the revised
16 Disclosure Statement; provided, however, it will not consider at
17 that hearing the matters to be considered at the January 25, 2002,
18 hearing described below. All outstanding objections to the
19 adequacy of the original Disclosure Statement will be preserved
20 and do not need to be refiled. The court will permit parties in
21 interest to make oral objections to the adequacy of the revised
22 Disclosure Statement provided they have, prior to the hearing, met
23 and conferred (in person or telephonically) with counsel for the
24 Debtor concerning any contentions that the revised Disclosure
25 Statement is inadequate. Any written objections to the adequacy
26 of the revised Disclosure Statement parties choose to file must be
27 filed and served no later than January 10, 2002, but only if the
28 objectors "meet and confer" with Debtor's counsel as provided

1 herein.

2 5. No later than January 8, 2002, the California Public
3 Utilities Commission, the Attorney General for the State of
4 California, and any other governmental unit contending that the
5 revised Plan Of Reorganization is facially invalid based upon
6 sovereign immunity and/or impermissible federal preemption, and
7 that, therefore, the revised Disclosure Statement should not be
8 approved, are to file their briefs on those issues in opposition
9 to approval of the revised Disclosure Statement. Any briefs
10 submitted in connection with this matter are to be delivered
11 personally or by facsimile to counsel for the Debtor, the UST,
12 PG&E Corporation as co-proponent of the revised Plan of
13 Reorganization, and the Committee on January 8, 2002.

14 6. No later than January 22, 2002, the Debtor, PG&E
15 Corporation, and the Committee shall file and serve their
16 responses to the briefs addressing sovereign immunity and/or
17 preemption and filed by the January 8 deadline noted in paragraph
18 5. Those briefs shall be delivered personally or by facsimile on
19 January 22 to counsel who submit briefs pursuant to paragraph 5.

20 7. The court will hold a hearing on January 25, 2002 at 9:30
21 a.m. on the issue of whether the revised Plan Of Reorganization is
22 facially invalid based upon sovereign immunity and/or preemption.

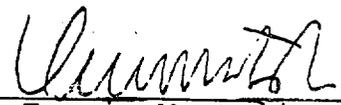
23 8. The briefs to be submitted pursuant to paragraphs 5 and 6
24 may be up to forty pages in length.

25 The court will place this order on its website. The Debtor
26 is directed to serve a copy of this order on all parties on the

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1 current Special Notice List.

2 Dated: December 5, 2002



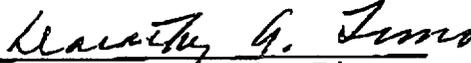
3 _____
4 Dennis Montali
5 United States Bankruptcy Judge

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1 I, the undersigned, a regularly appointed and qualified
2 clerk in the office of the Bankruptcy Judge of the United States
3 Bankruptcy Court for the Northern District of California, at San
4 Francisco, hereby certify:

5 That I, in the performance of my duties as such clerk,
6 served a copy of the foregoing document by placing said copy(ies)
7 in a postage paid envelope addressed to the person(s) hereinafter
8 listed, by depositing said envelope in the U.S. Mail, or by
9 placing said copy(ies) into an inter-office delivery receptacle
10 located in the Clerk's Office, or by facsimile to the facsimile
11 numbers listed below, at San Francisco, California, on the date
12 shown below.

13 Dated: December 5, 2001

14 
15 Dorothy A. Timo

16 James L. Lopes, Esq. (Via facsimile)
17 Howard, Rice, Nemerovski, Canady, Falk & Rabkin
18 Three Embarcadero Center, 7th Fl.
19 San Francisco, CA 94111-4065

20 Robert Jay Moore, Esq. (via facsimile)
21 Milbank, Tweed, Hadley & McCloy
22 601 S. Figueroa St., 30th Fl.
23 Los Angeles, CA 90017-5735

24 Stephen L. Johnson, Trial Atty. (via facsimile)
25 Office of the United States Trustee
26 250 Montgomery St., Ste. 1000
San Francisco, CA 94104