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9 Special Counsel for Pacific Gas and
Electric Company, Debtor and Debtor in Possession

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11 **UNITED STATES BANKRUPTCY COURT**
12 **NORTHERN DISTRICT OF CALIFORNIA**
13 **SAN FRANCISCO DIVISION**

14 In re) Case No. 01-30923-DM
15 PACIFIC GAS AND ELECTRIC COMPANY,) Chapter 11
a California corporation,)
16 Debtor.)
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19 **SUPPLEMENTAL DECLARATION OF JOHN S. MOOT**
20 **IN SUPPORT OF APPLICATION FOR ORDER APPROVING**
21 **EMPLOYMENT OF SKADDEN, ARPS, SLATE, MEAGHER &**
FLOM LLP AS SPECIAL COUNSEL FOR DEBTOR
AND DEBTOR IN POSSESSION

22 I, John Moot, hereby declare that the following is true to the best of my
23 knowledge, information and belief:

24 1. I am a member of Skadden, Arps, Slate, Meagher & Flom LLP
25 ("Skadden"), and an attorney in good standing to practice in the State of Maryland and the
26 District of Columbia. I submit this declaration to supplement the disclosure set forth in my

27
28 **SUPPLEMENTAL DECLARATION OF JOHN S. MOOT IN SUPPORT OF APPLICATION FOR ORDER**
APPROVING EMPLOYMENT OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AS SPECIAL COUNSEL
FOR DEBTOR AND DEBTOR IN POSSESSION

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1 declaration (the "Initial Declaration") sworn to on May 9, 2001, in support Skadden's retention as
2 special regulatory counsel for Pacific Gas and Electric Company ("PG&E" or the "Debtor").

3 Supplemental Due Diligence

4 2. In addition to the entities previously disclosed in the Initial Declaration,
5 Skadden has been selected as underwriters' counsel to represent Lehman Brothers, which has
6 been selected to serve as underwriter for the public market debt to be issued by the retail gas and
7 electric distribution and sales business ("Reorganized PG&E"), the electric transmission business
8 ("ETrans"), the electric generation business ("Gen"), and the gas transmission business
9 ("GTrans") following confirmation of the Debtor's Plan of Reorganization (collectively, the
10 "Offerings").


11 3. To date, Lehman Brothers and Skadden have only held some preliminary
12 discussions concerning the intended tax structure for the Offerings. Before Skadden will
13 commence any substantial work on this project, Skadden, Lehman Brothers, and the Debtor's
14 parent company, PG&E Corporation ("PGC"), will execute letters specifically stating that
15 Skadden's advice in connection with the Offerings will be provided only to Lehman Brothers,
16 and not to PGC or any of its affiliates. However, Skadden expects that, under the terms of PGC's
17 agreement with Lehman Brothers, some or all of Skadden's fees will be payable by PGC. The
18 Debtor, after full disclosure, has consented orally to Skadden's representation of Lehman
19 Brothers, and Skadden will obtain written waivers in connection with the representation. In
20 addition, Skadden does not and will not in the future advise or represent the Debtor in connection
21 with any claims or causes of action that might be asserted by the Debtor against Lehman
22 Brothers, or by Lehman Brothers against the Debtor. Further, Skadden will establish ethical
23 walls to ensure that attorneys and paraprofessionals involved in the firm's representation of the
24 Debtor do not work on matters involving the firm's representation of Lehman Brothers.

25 4. Skadden also formerly represented or currently represents Kekst and
26 Company, Incorporated ("Kekst") in connection with the negotiation and execution of an

1 engagement agreement between Kekst and PGC. The Debtor, after full disclosure, has consented
 2 to Skadden's representation of Kekst, and Skadden has obtained written waivers in connection
 3 with the representation. In addition, Skadden does not and will not in the future advise or
 4 represent the Debtor in connection with any claims or causes of action that might be asserted by
 5 the Debtor against Kekst, or by Kekst against the Debtor. Further, Skadden has established
 6 ethical walls to ensure that attorneys and paraprofessionals involved in the firm's representation of
 7 the Debtor do not work on matters involving the firm's representation of Kekst.

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

10 Executed this 5 day of March, 2002, at Washington, D.C.

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 13 John S. Moot

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28 **SUPPLEMENTAL DECLARATION OF JOHN S. MOOT IN SUPPORT OF APPLICATION FOR ORDER
 APPROVING EMPLOYMENT OF SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP AS SPECIAL COUNSEL
 FOR DEBTOR AND DEBTOR IN POSSESSION**