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12 PACIFIC GAS AND ELECTRIC COMPANY

13 UNITED STATES BANKRUPTCY COURT  
14 NORTHERN DISTRICT OF CALIFORNIA  
15 SAN FRANCISCO DIVISION

16 In re

Case No. 01-30923 DM

17 PACIFIC GAS AND ELECTRIC  
18 COMPANY, a California corporation,

Chapter 11 Case

19 Debtor.

Date: May 9, 2002

Time: 1:30 p.m.

Place: 235 Pine Street, 22nd Floor  
San Francisco, California

20 Federal I.D. No. 94-0742640

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DECLARATION OF RICHARD L. MEISS IN SUPPORT OF  
MOTION FOR ORDER AUTHORIZING EXPENDITURES  
RELATED TO PERMITS AND FRANCHISES

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DECLARATION OF RICHARD L. MEISS

1 I, Richard L. Meiss, declare:

2 1. I am an attorney at law licensed to practice in this state and admitted to  
3 practice before this Court. I have been an employee of the Law Department of Pacific Gas  
4 and Electric Company ("PG&E") for 27 years. This declaration is submitted in support of  
5 PG&E's Motion for Order Authorizing Expenditures related to Permits and Franchises (the  
6 "Motion"). Defined terms used herein shall have the meanings set forth in the Motion. I  
7 make this declaration from personal knowledge and if called as a witness, could and would  
8 testify competently to the matters set forth herein.

9 2. I am informed and believe that PG&E holds tens of thousands of operating  
10 and land occupancy permits, licenses and related governmental entitlements (collectively,  
11 "Permits") from local, state and federal government agencies. I am informed and believe  
12 that approximately 12,000 of these Permits must be transferred or reissued to the New  
13 Entities in order for the New Entities to conduct business operations in accordance with the  
14 law. The New Entities could begin operations, however, without a small portion of these  
15 Permits, which involve non-essential activities.

16 3. The Plan contemplates that PG&E will follow established application  
17 procedures for the transfer or reissuance of Permits under applicable local, state or federal  
18 law. Before the application process can begin, however, PG&E must complete its permits  
19 inventory and database development, which is currently in progress, along with the training  
20 of personnel who will work on the project. Many Permit transfers or reissuances will  
21 involve only ministerial review by the government agency, which typically takes several  
22 weeks to process. Other Permit transfers or reissuances will involve discretionary review  
23 and approval by the government agency, which typically takes from one to several months to  
24 process. Some Permit applications may also trigger environmental review, in which case the  
25 application process will be more complex and likely take additional time.

26 4. PG&E is a party to over 520 franchise agreements with various cities and  
27 counties, which allow PG&E to install, operate and maintain its electric, gas, oil and water  
28 facilities in the public streets and roads owned by local governments. In exchange for the

1 right to use public streets and roads, PG&E pays an annual fee to the cities and counties  
2 under the franchises. Franchise fees are computed according to statute or city charter  
3 depending on which law the particular franchise was granted under: the Broughton Act, the  
4 Franchise Act of 1937 (the "Franchise Act") or city charter. The 38 "charter cities" can and  
5 some have set a fee rate of their own determination.

6 5. Under the Plan, PG&E will retain the existing franchises, with two  
7 exceptions: PG&E's gas franchises with Modoc County and San Bernardino County will be  
8 assumed and assigned to GTrans LLC because PG&E does not have any distribution  
9 facilities within either county and therefore does not need to retain these two franchises. The  
10 New Entities will enter into new franchises where such franchises are necessary. For  
11 example, since ETrans LLC will be taking over PG&E's electric transmission business,  
12 Electric Generation LLC will be taking over the electric transmission ties from the  
13 hydroelectric powerhouses to the transmission grid, and GTrans LLC will be taking over  
14 PG&E's gas transmission business, the New Entities will require franchises in order to  
15 operate where the applicable electric or gas transmission facilities are located within public  
16 streets and roads. PG&E estimates that approximately 500 new franchises will be needed.

17 6. Pursuant to either the Franchise Act or applicable charter city provisions,  
18 local governments grant public utility franchises as ordinances upon the filing and  
19 consideration of an application. Pursuant to the Franchise Act, the California Government  
20 Code and, in some cases, charter city procedures, there are minimum timetables between the  
21 filing of the application and the adoption of the franchise ordinance. Local government must  
22 hold public hearings before it may grant a franchise ordinance. The California Constitution  
23 requires that all franchise ordinances be subject to a voters' referendum, and, in some cases,  
24 charter cities may only grant franchises by popular vote at a citywide election. While the  
25 timing varies depending on whether the general law or more specific charter city provisions  
26 govern, it can exceed 6 months from the time an application is submitted to the granting of  
27 the franchise ordinance.

28 I declare under penalty of perjury of the laws of the United States that the

DECLARATION OF RICHARD L. MEISS

1 foregoing is true and correct, and that this declaration was executed at San Francisco,  
2 California on April 19, 2002.

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4 RICHARD L. MEISS

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