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24 UNITED STATES BANKRUPTCY COURT
25 NORTHERN DISTRICT OF CALIFORNIA
26 SAN FRANCISCO DIVISION

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

Case No. 01-30923 DM
Chapter 11 Case
Date: May 9, 2002
Time: 9:30 a.m.
Place: 235 Pine Street, 22nd Floor, San
Francisco, California
Judge: Hon. Dennis Montali

Federal I.D. No. 94-0742640

25 **NOTICE OF MOTION AND MOTION BY PG&E AND THE CPUC FOR ORDER**
26 **(i) APPROVING NOTICES OF NON-VOTING STATUS, NOTICES TO PARTIES**
27 **TO EXECUTORY CONTRACTS AND NOTICE TO STATE AGENCIES; AND**
28 **(ii) APPROVING VOTING SOLICITATION PROCEDURES, FORM OF VOTING**
BALLOTS, VOTING TIMETABLE, AND TABULATION PROCEDURES
REGARDING PLANS OF REORGANIZATION

MOT. RE VOTING PROC. RE PLANS

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TABLE OF CONTENTS

	Page
1	
2	
3	NOTICE OF MOTION AND MOTION 1
4	MEMORANDUM OF POINTS AND AUTHORITIES 1
5	I. BACKGROUND. 1
6	II. RELIEF REQUESTED. 2
7	III. VOTING AGENT. 4
8	IV. VOTING ELIGIBILITY. 5
9	A. Voting Classes—PG&E Plan And CPUC Plan. 5
10	1. Impaired Classes And Subclasses—PG&E Plan. 6
11	2. Unimpaired Classes And Subclasses—PG&E Plan. 8
12	3. Impaired Classes And Subclasses—CPUC Plan. 11
13	4. Unimpaired Classes And Subclasses—CPUC Plan. 11
14	B. Voting Record Date. 12
15	C. Holders Entitled To Vote. 12
16	D. Notices Of Non-Voting Status. 14
17	V. SOLICITATION AND BALLOTING PROCESS. 16
18	A. Solicitation. 16
19	B. Voting Ballots. 18
20	C. Voting Schedule. 20
21	VI. TABULATION PROCEDURES. 22
22	A. Claim Amount. 22
23	B. Vote Tabulation. 23
24	VII. CONFIRMATION HEARING. 25
25	VIII. CONCLUSION. 26
26	
27	
28	

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TABLE OF AUTHORITIES

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Page(s)

Statutes

	11 U.S.C.	
	§105	3, 24
	§105(a)	12
	§365	10
	§502	3
	§507(a)	8
	§1107	2
	§1108	2
	§1121(a)	2
	§1125	3
	§1126	3, 5, 24
	§1126(f)	5, 15
	§1126(g)	5
	§1128	3
	§1129(c)	18
	§1129(f)	18
	Fed. R. Bankr. P.	
	2002	3
	2002(b)	25
	3001(e)	16, 17
	3003	3
	3017	3, 12
	3017(c)	22
	3017(d)	12, 14, 15, 16
	3018	3, 12
	3018(a)	3, 12, 13, 24
	3018(c)	18
	3020	3

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1 NOTICE OF MOTION AND MOTION

2 PLEASE TAKE NOTICE that on May 9, 2002, at 9:30 a.m., or as soon
3 thereafter as the matter may be heard, in the Courtroom of the Honorable Dennis Montali,
4 located at 235 Pine Street, 22nd Floor, San Francisco, California, Pacific Gas and Electric
5 Company, the debtor and debtor-in-possession in the above-captioned Chapter 11 case
6 ("PG&E" or the "Debtor") and the California Public Utilities Commission (the "CPUC," and
7 together with PG&E, the "Movants"), will and hereby do move the Bankruptcy Court for
8 entry of an order approving the voting and other procedures proposed herein with respect to
9 the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code For Pacific Gas and
10 Electric Company [Dated April 19, 2002] (the "PG&E Plan") filed by PG&E and PG&E
11 Corporation (collectively, the "PG&E Plan Proponents") and the Chapter 11 Plan of
12 Reorganization with respect to PG&E filed on April 15, 2002 by the CPUC (the "CPUC
13 Plan"). This Motion is supported by the facts and law set forth herein.

14 PLEASE TAKE FURTHER NOTICE that any opposition to the Motion and
15 the relief requested herein must be (i) filed with the Bankruptcy Court and served upon the
16 appropriate parties (including counsel for PG&E, counsel for PG&E Corporation, counsel
17 for the CPUC, the Office of the United States Trustee, and the Official Committee of
18 Unsecured Creditors) prior to the scheduled hearing date, or (ii) presented at the scheduled
19 hearing. Movants submit that no notice of this Motion is required, but to the extent that the
20 Bankruptcy Court deems that notice is necessary, Movants believe that this Notice of Motion
21 and opportunity for opposition thereto is sufficient under the circumstances. If there is no
22 timely objection to the requested relief, the Bankruptcy Court may enter an order granting
23 such relief without further hearing.

24
25 MEMORANDUM OF POINTS AND AUTHORITIES

26 I.

27 BACKGROUND.

28 PG&E is an investor-owned utility providing electric and gas services to millions

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1 of California residents and businesses. PG&E commenced this case by filing a voluntary
2 petition under Chapter 11 of the Bankruptcy Code on April 6, 2001 (the "Petition Date").
3 PG&E continues to manage and operate its business and property as a debtor-in-possession
4 pursuant to Sections 1107 and 1108 of the United States Bankruptcy Code.¹

5 On April 19, 2002, the PG&E Plan Proponents filed the PG&E Plan pursuant to
6 Section 1121(a). The PG&E Plan Proponents designed the PG&E Plan to restore its
7 financial viability and provide for the payment in full of all Allowed Claims.² Along with
8 the PG&E Plan, on April 19, 2002, the PG&E Plan Proponents filed a Disclosure Statement
9 for the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas
10 and Electric Company (the "PG&E Disclosure Statement"). The PG&E Disclosure
11 Statement was approved by Order of this Court entered on April 24, 2002.

12 On April 15, 2002, the California Public Utilities Commission ("CPUC") filed
13 the CPUC Plan along with a Disclosure Statement (the "CPUC Disclosure Statement").
14 Approval of the CPUC Disclosure Statement is scheduled for hearing on May 9, 2002 at
15 9:30 a.m. Assuming the CPUC Disclosure Statement is promptly approved by the
16 Bankruptcy Court, the Movants anticipate that the solicitation process for the CPUC Plan
17 and the PG&E Plan will be coordinated, such that both plans will be presented
18 simultaneously to creditors and interest holders for acceptance or rejection. (The PG&E
19 Plan and the CPUC Plan are referred to collectively herein from time to time as the "Plans.")
20

21 II.

22 RELIEF REQUESTED.

23 The Movants seek entry of an order approving the solicitation, balloting, voting,
24 and tabulation procedures related to confirmation of the PG&E Plan and the CPUC Plan, as
25

26 ¹Unless otherwise expressly stated, all section references in this Motion are to the
United States Bankruptcy Code (Title 11 of the United States Code).

27 ²Capitalized terms used but not defined herein shall have the meaning set forth in the
28 PG&E Plan.

1 proposed herein. The Movants request such an order pursuant to Sections 105, 502, 1125,
2 1126, and 1128 and Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”) 2002,
3 3003, 3017, 3018, and 3020. Specifically, the Movants request the following relief:

- 4 • The Bankruptcy Court’s approval of the proposed Notices, in substantially the form
5 attached hereto as Exhibits A-C, to be sent to (i) holders of claims or interests
6 ineligible to vote to accept or reject the Plans (including holders of Disputed Claims
7 whose claims have not been allowed for voting pursuant to Bankruptcy Rule
8 3018(a)), and (ii) parties to executory contracts and unexpired leases who do not
9 hold filed or scheduled claims (collectively, the “Non-Voting Parties”). The
10 Movants also ask the Bankruptcy Court to order that copies of the PG&E Plan and
11 PG&E Disclosure Statement and the CPUC Plan and CPUC Disclosure Statement
12 not be required to be sent to the Non-Voting Parties. See infra Section IV.D.
- 13 • The Bankruptcy Court’s approval of the procedures proposed herein for soliciting
14 the votes of impaired classes of creditors and interest holders on the PG&E Plan
15 and the CPUC Plan. See infra Section V.A.
- 16 • The Bankruptcy Court’s approval of the proposed Notices, in substantially the form
17 attached hereto as Exhibits H-L, to be sent to parties to executory contracts and
18 unexpired leases to be (i) assumed, (ii) assumed and assigned, or (iii) rejected, in
19 each case pursuant to the PG&E Plan or CPUC Plan. See infra Section V.A.
- 20 • The Bankruptcy Court’s approval of the proposed Voting Ballots, in substantially
21 the forms of the Ballots attached hereto as Exhibits D-G and the balloting
22 procedures proposed herein. See infra Section V.B.
- 23 • The Bankruptcy Court’s approval of the proposed voting schedule for both Plans.
24 See infra Section V.C.
- 25 • The Bankruptcy Court’s approval of the proposed procedures for tabulating votes
26 of impaired creditors and/or interest holders with respect to acceptance or rejection
27 of each of the Plans. See infra Section VI.
- 28 • The Bankruptcy Court’s approval of the proposed Notice, in substantially the form

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1 attached hereto as Exhibit M, to be sent to certain agencies and subdivisions of the
2 State of California and certain counties and municipalities located within the State
3 of California ("State Agencies"). See *infra* Section IV.D.

- 4 • The Bankruptcy Court's approval of the proposed date by which each of PG&E and
5 the CPUC must deliver or arrange to be delivered to the Voting Agent (as defined
6 below) all documents to be included in the Solicitation Package (as defined below)
7 and all Notices referenced in this Section II. See *infra* Section V.C.
- 8 • The Bankruptcy Court's approval of the proposed notice of orders (the "Notice of
9 Orders"), in substantially the form attached here as Exhibit N, approving this
10 Motion and, *inter alia*, (i) establishing the Voting Record Date; (ii) approving
11 Notices of Non-Voting Status; (iii) approving solicitation procedures, forms of
12 voting ballots, voting timetable and tabulation procedures; (iv) approving Notices
13 to Parties to Executory Contracts; (v) approving the Notice to State Agencies; and
14 (vi) fixing the date, time, and place for the Confirmation Hearing and the deadline
15 for filing objections to confirmation.³

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17 III.

18 VOTING AGENT.

19 Pursuant to an Order of this Court entered on November 21, 2001, effective as of
20 October 1, 2001, PG&E retained Innisfree M&A Incorporated to act as the voting agent with
21 respect to the PG&E Plan (the "Voting Agent"). As described in the Application for
22 Authority to Employ Innisfree M&A Incorporated as Voting Agent for PG&E Plan of
23 Reorganization filed with this Court on November 8, 2001, the Voting Agent will coordinate
24 all mailings related to the PG&E Plan (including both voting and non-voting documents),
25

26 ³The relief requested in this Section II is premised on prompt approval of the CPUC
27 Disclosure Statement by the Court. PG&E will seek to amend the procedures established
28 and the forms of documents approved as a result of this Motion if the CPUC Disclosure
Statement is not promptly approved.

1 respond to inquiries from creditors, equity security holders and other interested parties,
2 receive and account for all Voting Ballots, and tabulate the votes. In addition, the Voting
3 Agent will assist in researching certain information regarding equity security holders and
4 bondholders.

5 In order to coordinate the efforts of mailing, soliciting and tabulating votes for
6 both Plans, it will be necessary to expand the Voting Agent's role to perform the same
7 functions with respect to the CPUC Plan. PG&E suggests that the Voting Agent be
8 instructed to distribute concurrently the PG&E Disclosure Statement and Plan and the CPUC
9 Disclosure Statement and Plan, together with any relevant notices or other documents, and
10 that certain of the same procedures described herein for the PG&E Plan be employed for the
11 CPUC Plan. The incremental costs associated with the CPUC Plan (including, without
12 limitation, copying, postage, and services of the Voting Agent) will be borne by the CPUC.

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IV.

VOTING ELIGIBILITY.

A. Voting Classes—PG&E Plan And CPUC Plan.

Section 1126 of the Bankruptcy Code provides that only holders of allowed claims or equity interests are entitled to vote to accept or reject a Chapter 11 plan of reorganization. Certain classes are not entitled to vote, such as classes of claims or equity security interests who are not impaired (and are deemed to accept the plan), and classes in which the holders will receive no recovery under a Chapter 11 plan (and are deemed to reject the plan). 11 U.S.C. §1126(f), (g). Under the PG&E Plan, ten (10) classes or subclasses of claims and equity security interests are impaired and are not deemed to have rejected the PG&E Plan, and are therefore entitled to vote to accept or reject the PG&E Plan (collectively, the "PG&E Voting Classes"), while ten (10) classes or subclasses of claims and equity security interests are unimpaired, and therefore are not entitled to vote on the PG&E Plan (collectively, the "PG&E Unimpaired Classes"). Under the CPUC Plan, seven (7) classes or subclasses of claims and equity security interests are impaired and are not

1 deemed to have rejected the CPUC Plan, and are therefore entitled to vote to accept or reject
2 the CPUC Plan (collectively, the "CPUC Voting Classes"), while twelve (12) classes or
3 subclasses of claims and equity security interests are unimpaired, and therefore are not
4 entitled to vote on the CPUC Plan (collectively, the "CPUC Unimpaired Classes").

5 The descriptions below of Classes and Subclasses of Claims and Interest Holders
6 under the PG&E Plan and the CPUC Plan are summaries only. Reference is made to the
7 PG&E Disclosure Statement and the PG&E Plan, and the CPUC Disclosure Statement and
8 the CPUC Plan, for a full description of such Classes and Subclasses.

9
10 1. Impaired Classes And Subclasses—PG&E Plan.

11 (a) **Class 3a—Secured Claims Relating to First and Refunding Mortgage**
12 **Bonds.** Class 3a is comprised of Secured Claims against PG&E evidenced by a
13 number of First and Refunding Mortgage Bonds issued by PG&E under a First
14 and Refunding Mortgage under which BNY Western Trust Company is the
15 indenture trustee.

16 (b) **Class 3b—Secured Claims Relating to Replaced First and Refunding**
17 **Mortgage Bonds.** Class 3b is comprised of Secured Claims against PG&E
18 evidenced by the Mortgage Bonds that secure the Mortgage Backed PC Bond
19 Claims contained in Class 4a.

20 (c) **Class 4a—Mortgage Backed PC Bond Claims.** Class 4a is comprised of
21 Claims of the Issuer, Bond Trustee, and the holders of Mortgage Backed PC
22 Bonds for all amounts due and owing by PG&E under the Loan Agreements and
23 each of the other PC Bond Documents executed by PG&E in connection with the
24 issuance of each series of Mortgage Backed PC Bonds.

25 (d) **Class 4c—MBIA Claims.** Class 4c is comprised of: (i) the contingent
26 claims of MBIA with respect to payments that may become due by PG&E under
27 the terms of the MBIA Reimbursement Agreement as reimbursement for
28 payments made by MBIA under the PC Bond Insurance Policy; and (ii) the

1 claims of MBIA for any and all accrued and unpaid amounts due by PG&E under
2 the MBIA Reimbursement Agreement, including any and all amounts due by
3 PG&E as reimbursement of amounts paid by MBIA under the PC Bond Insurance
4 Policy to the Bond Trustee for the payment of interest on the MBIA Insured PC
5 Bonds.

6 (e) **Class 4e—Letter of Credit Bank Claims.** Class 4e is comprised of:

7 (i) the contingent claims of each Letter of Credit Issuing Bank and the applicable
8 Banks, if any, with respect to payments that may become due by PG&E under
9 their respective Reimbursement Agreements with PG&E in an amount equal to
10 the outstanding Stated Amount of each of the Letters of Credit; and (ii) the claims
11 of the Letter of Credit Issuing Banks and the applicable Banks, if any, for any and
12 all accrued and unpaid amounts due by PG&E under their respective
13 Reimbursement Agreements, including amounts due as reimbursement of
14 amounts paid by each Letter of Credit Issuing Bank under its respective Letter of
15 Credit to the Bond Trustee for the payment of interest on the related series of
16 Letter of Credit Backed PC Bonds.

17 (f) **Class 5—General Unsecured Claims.** Class 5 includes, but is not limited
18 to: (i) Revolving Line of Credit Claims; (ii) Medium Term Notes Claims;
19 (iii) Senior Note Claims; (iv) Floating Rate Notes Claims; (v) DWR Claims;
20 (vi) Southern San Joaquin Valley Power Authority Bond Claims;
21 (vii) Commercial Paper Claims; (viii) Claims arising from the rejection of
22 executory contracts and unexpired leases as defined in Section 365 of the
23 Bankruptcy Code; (ix) Claims of PG&E's vendors, suppliers and service
24 providers; and (x) Claims relating to intercompany obligations; provided,
25 however, that General Unsecured Claims do not include any unsecured claims
26 included in any other Class.

27 (g) **Class 6—ISO, PX and Generator Claims.** Class 6 is comprised of Claims
28 of the California Independent System Operator ("ISO"), California Power

- 1 Exchange (“PX”), and various power generators for purchases of electricity or
 2 ancillary services by PG&E in markets operated by the ISO and the PX.
- 3 (h) **Class 7—ESP Claims.** Class 7 is comprised of Allowed Claims of Energy
 4 Service Providers (“ESPs”) with respect to PX energy credits payable by PG&E
 5 to such ESPs.
- 6 (i) **Class 11—QUIDS Claims.** Class 11 is comprised of unsecured Claims
 7 against PG&E evidenced by the 7.90% Deferrable Interest Subordinated
 8 Debentures, Series A, due December 31, 2025, issued by PG&E pursuant to an
 9 indenture under which the National City Bank of Indiana is the indenture trustee.
- 10 (j) **Class 14—Common Stock Equity Interests.** Class 14 is comprised of all
 11 of the issued and outstanding shares of common stock of PG&E.

12 Members of the PG&E Voting Classes will be allowed to vote only the undisputed portion
 13 of their claims or interests, unless the Bankruptcy Court orders otherwise.

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16 2. Unimpaired Classes And Subclasses—PG&E Plan.

- 17 (a) **Class 1—Other Priority Claims.** Class 1 is comprised of Claims that are
 18 entitled to priority in accordance with Section 507(a), other than Administrative
 19 Expense Claims and Priority Tax Claims.
- 20 (b) **Class 2—Other Secured Claims.** Class 2 is comprised of Claims relating
 21 to mechanics’ and materialmen’s liens, secured tax Claims, and Secured Claims
 22 other than those Secured Claims in Class 3a, Class 3b, and Class 4a.
- 23 (c) **Class 4b—MBIA Insured PC Bond Claims.** Class 4b is comprised of
 24 Claims of the Issuer, Bond Trustee, and the holders of MBIA Insured PC Bonds
 25 for all amounts due and owing by PG&E under the Loan Agreements and each of
 26 the other PC Bond Documents executed by PG&E in connection with the
 27 issuance of the MBIA Insured PC Bonds.
- 28 (d) **Class 4d—Letter of Credit Backed PC Bond Claims.** Class 4d is
 comprised of Claims of the Issuer, Bond Trustee, and the holders of Letter of

1 Credit Backed PC Bonds for all amounts due and owing by PG&E under the
2 Loan Agreements and each of the other PC Bond Documents executed by PG&E
3 in connection with the issuance of each series of Letter of Credit Backed PC
4 Bonds.

5 (e) **Class 4f—Prior Bond Claims.** Class 4f is comprised of Claims of the
6 Prior Letter of Credit Issuing Banks for any and all accrued and unpaid amounts
7 due by PG&E under their respective Prior Reimbursement Agreements, including
8 amounts due as reimbursement of amounts paid by each Prior Letter of Credit
9 Issuing Bank under its respective Prior Letter of Credit to the Bond Trustee for
10 the payment of the redemption price of the related series of Prior Bonds.

11 (f) **Class 4g—Treasury PC Bond Claims.** Class 4g is comprised of Claims of
12 the Issuer, Bond Trustee, and the holders of Treasury PC Bonds for all amounts
13 due and owing by PG&E under the Loan Agreements and each of the other PC
14 Bond Documents executed by PG&E in connection with the issuance of each
15 series of Treasury PC Bonds.

16 (g) **Class 8—Environmental, Fire Suppression, Pending Litigation and**
17 **Tort Claims.** Class 8 is comprised of: (i) Claims against PG&E for personal
18 injury, property damage, damage to the environment, nuisance, pollution,
19 contamination or other adverse effects on the environment, or for related fines,
20 penalties or restrictions; (ii) Chromium Litigation Claims and all other Claims
21 against PG&E arising from any accusation, allegation, notice, action, claim,
22 demand or otherwise for personal injury, property damage, products liability or
23 discrimination, or based on employment against PG&E; (iii) Claims against
24 PG&E by any Governmental Entity for damages and costs resulting from a fire
25 that may be recovered under either state or federal law; and (iv) Claims against
26 PG&E that are asserted in litigation pending against PG&E and that are listed in
27 an amendment to the Plan Supplement to be filed prior to the date the PG&E Plan
28 Proponents commence solicitation for voting for the PG&E Plan. Class 8 does

1 not include any Claims settled, liquidated or determined by a Final Order or a
2 binding award, agreement or settlement prior to the Petition Date for amounts
3 payable by PG&E for damages or other obligations in a fixed dollar amount
4 payable in a lump sum or by a series of payments (which are classified as General
5 Unsecured Claims).

6 (h) **Class 10—Convenience Claims.** Class 10 is comprised of Claims of
7 vendors, suppliers, and service providers, or arising from the rejection of
8 executory contracts and unexpired leases as defined in Section 365: (i) in the
9 amount of \$100,000 or less; or (ii) consensually reduced to \$100,000 or less by
10 the holder of the Claim.

11 (i) **Class 12—Workers' Compensation Claims.** Class 12 is comprised of
12 Claims of employees of the Debtor for payment of workers' compensation
13 benefits under applicable law.

14 (j) **Class 13—Preferred Stock Equity Interests.** Class 13 is comprised of
15 holders of Preferred Stock issued by PG&E. While PG&E believes that Class 13
16 is unimpaired by the PG&E Plan, PG&E understands that certain holders of
17 Preferred Stock Equity Interests may believe that this Class is impaired by the
18 PG&E Plan. To avoid delaying the voting process, PG&E proposes to solicit
19 holders of Preferred Stock Equity Interests to vote on the PG&E Plan as a
20 precautionary measure so that the voting results will be available if the
21 Bankruptcy Court determines that Class 13 is impaired. Allowing the holders of
22 Preferred Stock Equity Interests to vote shall be without prejudice to PG&E's
23 contention that Class 13 is unimpaired and PG&E reserves the right to contest
24 any objection to the unimpaired status of this Class.

25 In addition to the Unimpaired Classes, PG&E submits that parties to executory contracts and
26 unexpired leases who do not hold filed or scheduled claims (excluding claims scheduled as
27 contingent, unliquidated, or disputed) and holders of Disputed Claims under the PG&E Plan
28 are not creditors entitled to vote on the PG&E Plan.

1 3. Impaired Classes And Subclasses—CPUC Plan.

2 Impaired Classes under the CPUC Plan consist of Classes 4c, 4e, 5, 6, 7, 11 and
3 14. Claims against PG&E are generally classified in the same manner under the CPUC Plan
4 as under the PG&E Plan except that: (i) Class 3a under the PG&E Plan is designated as
5 Class 3 under the CPUC Plan, (ii) the CPUC Plan does not include a Class 3b as defined
6 under the PG&E Plan, and (iii) Classes 3a, 3b and 4a under the PG&E Plan are PG&E
7 Voting Classes, while the equivalent classes under the CPUC Plan are CPUC Non-Voting
8 Classes.⁴

9 Members of CPUC Voting Classes will be allowed to vote only the undisputed
10 portion of their claims or interests, unless the Bankruptcy Court orders otherwise.

11
12 4. Unimpaired Classes And Subclasses—CPUC Plan.

13 Unimpaired Classes under the CPUC Plan consist of Classes 1, 2, 3, 4a, 4b, 4d,
14 4f, 4g, 8, 10, 12 and 13. While the CPUC believes that Class 13 is unimpaired by the CPUC
15 Plan, the CPUC understands that certain holders of Preferred Stock Equity Interests may
16 believe that this Class is impaired by the CPUC Plan. To avoid delaying the voting process,
17 the CPUC proposes to solicit holders of Preferred Stock Equity Interests to vote on the
18 PG&E Plan as a precautionary measure so that the voting results will be available if the
19 Bankruptcy Court determines that Class 13 is impaired. Allowing the holders of Preferred
20 Stock Equity Interests to vote shall be without prejudice to the CPUC's contention that Class
21 13 is unimpaired and the CPUC reserves the right to contest any objection to the unimpaired
22 status of this Class.

23 In addition to the Unimpaired Classes, the CPUC submits that parties to
24 executory contracts and unexpired leases who do not hold filed or scheduled claims
25 (excluding claims scheduled as contingent, unliquidated, or disputed) and holders of
26 Disputed Claims under the CPUC Plan are not creditors entitled to vote on the CPUC Plan.

27
28 ⁴For a complete description of each Class, reference should be made to the CPUC Plan.

1 B. Voting Record Date.

2 Bankruptcy Rule 3017(d) provides that creditors and interest holders entitled to
3 vote on a plan of reorganization shall include “holders of stock, bonds, debentures, notes and
4 other securities of record on the date the order approving the disclosure statement is entered
5 or another date fixed by the court, for cause, after notice and a hearing.” Bankruptcy Rule
6 3018(a) contains a similar provision regarding determination of the record date for purposes
7 of voting on a plan: “an equity security holder or creditor whose claim is based on a security
8 of record shall not be entitled to accept or reject a plan unless the equity security holder or
9 creditor is the holder of record of the security on the date the order approving the disclosure
10 statement is entered or on another date fixed by the Court, for cause, after notice and a
11 hearing.” In accordance with these Rules, the voting record date is typically the date the
12 Court issues its order approving the disclosure statement. Under appropriate circumstances,
13 however, Bankruptcy Rules 3017 and 3018 authorize the Court to fix a different date
14 following notice and a hearing.

15 The Movants will separately request that this Court exercise its power under the
16 Bankruptcy Rules and Section 105(a) of the Bankruptcy Code to set a date specified in such
17 separate request as the voting record date for both Plans (the “Voting Record Date”). Setting
18 a common record date that is sufficiently later than the date the Bankruptcy Court enters its
19 Order approving the Voting Record Date but also sufficiently earlier than the Solicitation
20 Commencement Date (as defined below) for both Plans will avoid confusion in soliciting
21 and tabulating votes and will afford those entities responsible for assembling ownership lists
22 of publicly traded debt and equity securities the preparation time necessary to compile an
23 accurate list of holders. Accurate lists often cannot be prepared retroactively as to
24 ownership on a prior date.

25
26 C. Holder Entitled To Vote.

27 Once the Voting Record Date is determined, the Movants propose that only the
28 following holders of impaired claims and interests be entitled to vote to accept or reject each

1 of the Plans: (a) holders of claims, as of the Voting Record Date, that are not listed as
2 contingent, unliquidated, or disputed (excluding scheduled claims that have been superseded
3 by filed proofs of claims) in PG&E's Amended and Restated Schedules filed with the
4 Bankruptcy Court on July 2, 2001, as the same may be amended from time to time (the
5 "Schedules"), (i) as to which no objection has been filed as of the Solicitation
6 Commencement Date; or (ii) to the extent an objection has been filed, (x) that have been
7 temporarily allowed prior to the Voting Deadline for the purpose of accepting or rejecting
8 such Plan pursuant to Bankruptcy Rule 3018(a), in the amount which the court deems proper
9 for such purposes, (y) that have been allowed by the Bankruptcy Court for any purpose
10 pursuant to the Bankruptcy Court's ruling on such objection prior to the Voting Deadline, or
11 (z) that are otherwise entitled to vote on account of meeting the criteria in subsection (c)
12 below; (b) holders of filed proofs of claim or interest listed, as of the Voting Record Date, on
13 the official claims register maintained by Robert L. Berger & Associates, LLC, the Claims
14 Agent appointed by the Bankruptcy Court, (i) as to which no objection has been filed as of
15 the Solicitation Commencement Date; or (ii) to the extent an objection has been filed,
16 (x) that have been temporarily allowed prior to the Voting Deadline for the purpose of
17 accepting or rejecting such Plan pursuant to Bankruptcy Rule 3018(a), in the amount which
18 the Bankruptcy Court deems proper for such purposes, (y) that have been allowed by the
19 Bankruptcy Court for any purpose pursuant to the Bankruptcy Court's ruling on such
20 objection prior to the Voting Deadline, or (z) that are otherwise entitled to vote on account
21 of meeting the criteria in subsection (c) that immediately follows; and (c) registered record
22 holders of PG&E bonds, notes, debentures, or shares of stock, and beneficial owners holding
23 such securities through nominee holders, in each case as of the Voting Record Date, as
24 evidenced by the records of the applicable trustee or transfer agent, as well as the records of
25 The Depository Trust Company, Euroclear, and Clearstream.⁵

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27 ⁵The Depository Trust Company is the central depository for the vast majority of
28 securities held in "street name" in the United States. Euroclear and Clearstream are the two
principal depositories in Europe holding on behalf of nominees and other holders.

1 D. Notices Of Non-Voting Status.

2 Bankruptcy Rule 3017(d) provides, in relevant part, as follows:

3 If the court orders that the disclosure statement and the plan or a summary of the
4 plan shall not be mailed to any unimpaired class, notice that the class is
5 designated in the plan as unimpaired and notice of the name and address of the
6 person from whom the plan or summary of the plan and disclosure statement may
be obtained upon request and at the plan proponent's expense, shall be mailed to
members of the unimpaired class together with the notice of the time fixed for
filing objections to and the hearing on confirmation.

7 Pursuant to Bankruptcy Rule 3017(d), the Movants request the Bankruptcy Court
8 to direct that neither PG&E nor the CPUC need mail copies of the PG&E Plan and the
9 PG&E Disclosure Statement and/or the CPUC Plan and CPUC Disclosure Statement to any
10 holders of claims or interests in a PG&E Unimpaired Class or CPUC Unimpaired Class,⁶ to
11 parties to executory contracts and unexpired leases who do not hold filed or scheduled
12 claims, or to holders of Disputed Claims under either of the Plans, unless otherwise
13 requested of the Voting Agent in writing by facsimile (212-446-3605) or e-mail
14 (pge@innisfreema.com). The PG&E Plan and the PG&E Disclosure Statement and the
15 CPUC Plan and the CPUC Disclosure Statement are also available to download through the
16 "Pacific Gas & Electric Company Chapter 11 Case" link accessible through the Bankruptcy
17 Court's website (www.canb.uscourts.gov).

18 The Movants' proposed joint Notice of Non-Voting Status to Holders of Claims
19 or Equity Interests in Unimpaired Classes, in substantially the form attached hereto as
20 Exhibit A, identifies the PG&E Unimpaired Classes (1, 2, 4b, 4d, 4f, 4g, 8, 10, 12 and 13)
21 and CPUC Unimpaired Classes (1, 2, 3, 4a, 4b, 4d, 4f, 4g, 8, 10, 12 and 13) and informs the

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23 ⁶The CPUC will however, provide holders of Claims in Classes 3 and 4a under the
24 CPUC Plan copies of the CPUC Plan and Disclosure Statement so that such Claim holders
have the opportunity to express a preference for either the PG&E Plan or CPUC Plan in
accordance with the joint ballot to be provided to holders of Claims in Classes 3 and 4a.

25 As discussed in Section IV.A of this Motion, PG&E, while believing that Class 13 is
26 unimpaired under the PG&E Plan, intends to provide copies of the PG&E Plan and PG&E
27 Disclosure Statement, as well as Voting Ballots, to holders of Preferred Stock Equity
28 Interests as a precautionary measure because certain holders of such interests may contend
that their interests are impaired. The CPUC believes that Class 13 is also unimpaired under
the CPUC Plan and likewise proposes to provide copies of the CPUC Plan, CPUC
Disclosure Statement, and Voting Ballots to Class 13 as a precautionary measure.

1 members of such classes that they hold unimpaired claims or interests under the PG&E Plan
2 and/or the CPUC Plan, and thus are conclusively presumed to have accepted the PG&E Plan
3 and/or the CPUC Plan pursuant to Section 1126(f) of the Bankruptcy Code.⁷

4 With respect to "beneficial owners" of securities issued by PG&E who hold their
5 interests through a "nominee holder," such as bondholders and stockholders who hold their
6 securities through a bank or brokerage firm, the Movants request the Bankruptcy Court to
7 direct all nominee holders to forward PG&E's and the CPUC's Notice of Non-Voting Status
8 to Holders of Claims or Equity Interests in Unimpaired Classes, to the beneficial owners
9 within five (5) business days of receipt by such nominee holders of the Notice.

10 In addition, Movants propose to mail (i) a joint Notice to Parties to Executory
11 Contracts, in substantially the form attached hereto as Exhibit B, to all known parties to
12 executory contracts and unexpired leases who do not hold filed or scheduled claims
13 (excluding claims scheduled as contingent, unliquidated, or disputed) under the PG&E Plan
14 and CPUC Plan, and (ii) a joint Notice to Holders of Disputed Claims, in substantially the
15 form attached hereto as Exhibit C, to all holders of Disputed Claims under the PG&E Plan
16 and CPUC Plan. These Notices will inform such parties that they are not entitled to vote on
17 either the PG&E Plan or CPUC Plan. Movants submit that these Notices, to be mailed at the
18 same time as the Solicitation Packages are mailed to holders of impaired claims and interests
19 entitled to vote to accept or reject one or both of the Plans, satisfy the requirements of
20 Bankruptcy Rule 3017(d).

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26 ⁷The CPUC will provide holders of Claims in Classes 3 and 4a under the CPUC Plan
27 copies of the CPUC Plan and Disclosure Statement so that such claims holders have the
28 opportunity to express a preference for either the PG&E Plan or CPUC Plan in accordance
with the joint ballot to be provided to holders of Claims in Classes 3 and 4a.

V.

SOLICITATION AND BALLOTING PROCESS.

A. Solicitation.

The Bankruptcy Rules set forth the materials that must be provided to the PG&E Voting Classes and to the CPUC Voting Classes for the purpose of soliciting their votes on the Plans. Pursuant to Bankruptcy Rule 3017(d), the Movants propose that this Court authorize and direct the Voting Agent and nominee holders to send the following materials (collectively, the "Solicitation Package") to all persons entitled to vote on the PG&E Plan and/or the CPUC Plan:

(i) An appropriate Voting Ballot, in substantially the form of one of the proposed Ballots attached hereto as Exhibits D through G, and accompanying postage-prepaid return envelope;

(ii) Copies of the PG&E Plan and the PG&E Disclosure Statement;

(iii) Copies of the CPUC Plan and the CPUC Disclosure Statement;

(iv) The Notice of Orders; and

(v) Any other documents approved by the Bankruptcy Court.

The Movants propose to mail the Solicitation Package to the following persons entitled to vote on the PG&E Plan and/or the CPUC Plan:

(a) Holders of allowed claims, as of the Voting Record Date, that are listed in PG&E's Schedules as not contingent, unliquidated or disputed (excluding scheduled claims that have been superseded by filed claims), that have not been disallowed or disqualified prior to the Voting Record Date and that are not the subject of pending objections on the Solicitation Commencement Date, provided, however, that the assignee of an assigned scheduled claim may vote such claim only if the transfer has met the requirements of Bankruptcy Rule 3001(e) as of the Voting Record Date;

(b) Subject to subsection (c) below, holders of filed proofs of claim, as of the Voting Record Date, that have not been disallowed or disqualified prior to the Voting Record Date and that are not the subject of pending objections on the Solicitation

1 Commencement Date, provided, however, that the assignee of an assigned filed claim may
2 vote such claim only if the transfer has met the requirements of Bankruptcy Rule 3001(e) as
3 of the Voting Record Date; and

4 (c) Registered holders, as of the Voting Record Date, of PG&E bonds, notes,
5 debentures, or shares of stock (i.e., such holders whose bonds, notes, debentures, or shares of
6 stock are registered in their names), or nominee holders for beneficial owners of PG&E
7 bonds, notes, debentures, or shares of stock as of the Voting Record Date, provided,
8 however, that the Voting Agent shall provide such nominee holders with sufficient copies of
9 the Solicitation Package to distribute to their respective beneficial owners (and such
10 beneficial owners may vote on the ballots supplied to them by the nominee holder).

11 In addition, Movants propose to mail one of five Notices to Parties to Executory
12 Contracts and Unexpired Leases, substantially in the form attached hereto as Exhibits H-L,
13 to all known parties to executory contracts and unexpired leases to be (i) assumed,
14 (ii) assumed and assigned,⁸ or (iii) rejected pursuant to the PG&E Plan, or (i) assumed or
15 (ii) rejected pursuant to the CPUC Plan, as the case may be (collectively, the “Notices to
16 Parties to Executory Contracts”). PG&E also proposes to mail a Notice to State Agencies to
17 such State Agencies substantially in the form attached hereto as Exhibit M. Each such
18 Notice provides the recipient with a general description of the proposed treatment of its
19 executory contract or unexpired lease under the PG&E Plan (in the case of Notices to Parties
20 to Executory Contracts) or informs the recipient that it could conceivably be affected,
21 directly or indirectly, by the outcome of PG&E’s Chapter 11 case (in the case of the Notice
22 to State Agencies), refers the recipient to the PG&E Plan and the PG&E Disclosure
23 Statement for additional information, and informs the recipient how to obtain copies of the
24

25 ⁸Where this Notice (in the form of Exhibit H) is sent to holders of Claims in Class 8,
26 PG&E intends to add the following language to the Notice: “Notwithstanding such
27 assumption and assignment, to the extent you are a holder of a Class 8 Claim that arose
28 under the executory contract being assumed and assigned, such assumption and assignment
is not intended to and will not alter or adversely affect the unimpaired, pass-through
treatment of your Claim under the PG&E Plan.”

1 PG&E Plan and the PG&E Disclosure Statement.

2 Additional copies of the PG&E Plan and PG&E Disclosure Statement and/or the
3 CPUC Plan and CPUC Disclosure Statement may be obtained by submitting a request to the
4 Voting Agent either by facsimile (212-446-3605) or e-mail (pge@innisfreema.com), or by
5 downloading through the "Pacific Gas & Electric Company Chapter 11 Case" link accessible
6 through the Bankruptcy Court's website (www.canb.uscourts.gov). Beneficial owners may
7 also contact their broker, bank or other nominee.

8
9 B. Voting Ballots.

10 Bankruptcy Rule 3018(c) provides, in relevant part, as follows: "Form of
11 Acceptance or Rejection. An acceptance or rejection shall be in writing, identify the plan or
12 plans accepted or rejected, be signed by the creditor or equity security holder or an
13 authorized agent, and conform to the appropriate Official Form." Accordingly, PG&E has
14 prepared proposed Voting Ballots that comply with Bankruptcy Rule 3018(c) and are based
15 on Official Form No. 14. PG&E has, however, modified the Official Form to address the
16 particular needs of this case.

17 Movants have prepared separate Voting Ballots for each of the eleven (11) PG&E
18 Voting Classes (including Class 13) in the PG&E Plan and each of the eight (8) CPUC
19 Voting Classes (including Class 13) in the CPUC Plan. These Voting Ballots allow such
20 PG&E Voting Classes and CPUC Voting Classes (i) to vote to accept or reject the PG&E
21 Plan, (ii) to vote to accept or reject the CPUC Plan and (iii) to indicate a preference as
22 between the Plans, to the extent both of the Plans are accepted (either by a vote or by
23 deemed acceptance pursuant to Bankruptcy Code Section 1129(f)). See Bankruptcy Code
24 §1129(c).⁹ In addition, Movants have agreed, subject to this Court's approval, to allow
25 creditors in Classes 3a, 3b and 4a entitled to vote on the PG&E Plan to express a preference

26
27 ⁹Section 1129(c) provides in relevant part: "If the requirements of subsections (a) and
28 (b) of this section are met with respect to more than one plan, the court shall consider the preferences of creditors and equity security holders in determining which plan to confirm"

1 as between the PG&E Plan and the CPUC Plan, notwithstanding the fact that under the
2 CPUC Plan such creditors are unimpaired and deemed to have accepted the Plan.

3 With respect to holders of publicly held debt securities or equity interests issued
4 by PG&E, PG&E has prepared two types of proposed Voting Ballots: (1) a "Beneficial
5 Owner Ballot" to be submitted by registered holders of PG&E bonds, notes, debentures, or
6 shares of stock as of the Voting Record Date and beneficial owners holding their voting
7 securities through nominee holders, in substantially the form attached hereto as Exhibit D;
8 and (2) a "Master Ballot" to be submitted by nominee holders on behalf of beneficial owners
9 of PG&E bonds, notes, debentures, or shares of stock as of the Voting Record Date, in
10 substantially the form attached hereto as Exhibit E. PG&E has also prepared a proposed
11 "Claim Holder Ballot" for all other types of claims, in substantially the form attached hereto
12 as Exhibit F. A special ballot for holders of claims in Classes 3a, 3b and 4a entitled to vote
13 under the PG&E Plan has been prepared substantially in the form attached hereto as
14 Exhibit G.

15 With respect to registered holders of allowed claims or interests (e.g., debt
16 security holders or stockholders of record) entitled to vote on the PG&E Plan and/or the
17 CPUC Plan, the Movants propose that the Voting Agent will send Solicitation Packages
18 directly to them and the registered holders in turn will submit their Voting Ballots directly to
19 the Voting Agent. The Movants propose that beneficial owners, on the other hand (e.g.,
20 bondholders or stockholders who hold their securities through nominee holders such as
21 banks or brokerage firms), will receive their Solicitation Packages through their nominee
22 holders, and that such nominee holders will have two options. They may prevalidate the
23 beneficial owners' Voting Ballots and instruct the beneficial owners to directly submit their
24 votes to the Voting Agent. Nominee holders may prevalidate a ballot by (1) signing and
25 dating the ballot; (2) indicating on the ballot the name of the nominee holder, the amount of
26 securities held by the nominee for the beneficial owner, and the account number(s) for the
27 account(s) in which securities are held by the nominee holder; and (3) forwarding the
28 Solicitation Package to the beneficial owner for voting. If the nominee holder chooses not to

1 prevalidate the beneficial owners' individual ballots, but to instead process the beneficial
2 owners' individual ballots, the nominee holder shall summarize the beneficial owners' votes
3 on a Master Ballot and submit the Master Ballot to the Voting Agent.

4 In summary:

5 (a) Registered holders of allowed claims or interests, including holders of
6 record of PG&E bonds, notes, debentures, or shares of stock as of the Voting Record Date
7 (i.e., such holders whose bonds, notes, debentures, or shares of stock are registered in their
8 names) shall: (i) indicate their vote and complete all other information requested on the
9 Voting Ballot; and (ii) return the Voting Ballot to the Voting Agent on or prior to the Voting
10 Deadline (as defined below).

11 (b) Beneficial owners of PG&E bonds, notes, debentures, or shares of stock as
12 of the Voting Record Date, if such bonds, notes, debentures, or shares of stock are registered
13 in "street name," and the beneficial owner's nominee holder has prevalidated the Voting
14 Ballot prior to forwarding the Solicitation Package to the beneficial owner, shall: (i) indicate
15 their vote and complete all other information requested on the Voting Ballot; and (ii) return
16 the Voting Ballot to the Voting Agent on or prior to the Voting Deadline.

17 (c) Beneficial owners of PG&E's bonds, notes, debentures, or shares of stock
18 as of the Voting Record Date, if such bonds, notes, debentures or shares of stock are
19 registered in "street name," and the beneficial owner's nominee holder has not prevalidated
20 the Voting Ballot prior to forwarding the Solicitation Package to the beneficial owner, shall:
21 (i) indicate their vote and complete all other information requested on the Voting Ballot; and
22 (ii) return the Ballot to the nominee holder on or prior to the Voting Deadline as arranged by
23 the nominee holder. The nominee holder will then summarize the votes of each beneficial
24 owner on the Master Ballot, and return the Master Ballot to the Voting Agent in accordance
25 with the voting schedule outlined below.

26
27 C. Voting Schedule.

28 The Movants have developed a proposed voting schedule to take into account the

1 many different types and relatively high number of public securities that PG&E has issued
2 and are outstanding, as well as the complexity of the classification schemes under the PG&E
3 Plan and the CPUC Plan. In addition, the schedule allows for the nominee holders of PG&E
4 bonds, notes, debentures, shares of stock, or other securities—typically banks and brokerage
5 firms holding the securities (or their respective agents)—to process materials for the
6 approximately 130 different types of securities issued by PG&E. The Movants accordingly
7 ask the Bankruptcy Court to approve the following schedule, which is premised on
8 solicitation commencing on June 17, 2002. To the extent the Solicitation Commencement
9 Date (as defined below) changes pursuant to this Court’s order, Movants propose that the
10 dates set forth below would be adjusted accordingly, without the need for further Court
11 order:

12 (1) **Submission of Documents to the Voting Agent.** Each of PG&E and the
13 CPUC shall cause to be delivered to the Voting Agent any and all documents to be included
14 in the Solicitation Package no later than the date designated by the Voting Agent as the
15 deadline for its receipt of such materials in order to comply with the voting schedule
16 described below.

17 (2) **Preliminary Mailing to Nominee Holders** [10 business days prior to the
18 Solicitation Commencement Date]: The Voting Agent may begin distributing elements of
19 the Solicitation Packages to nominee holders of PG&E bonds, notes, debentures, notes,
20 shares of stock, or other securities in the Voting Classes, as well as Class 13, on June 3,
21 2002. During this preliminary mailing period, nominee holders may prepare their mailings
22 to their respective beneficial owners but may not mail them. During this period, the Voting
23 Agent will also prepare the Solicitation Packages to be sent to registered holders of claims
24 and equity security interests.

25 (3) **Mailing to Registered Holders of Claims and Interests and to Beneficial**
26 **Owners** [end date of 10 business day preliminary mailing period]: (the “Solicitation
27 Commencement Date”). On June 17, 2002, the Voting Agent and nominee holders of
28 PG&E bonds, notes, debentures, shares of stock, or other securities will mail the Solicitation

1 Packages to the registered holders of claims or interests and beneficial owners of PG&E
2 bonds, notes, debentures, shares of stock, or other securities in the PG&E Voting Classes
3 and the CPUC Voting Classes, as well as Class 13 (with respect to the PG&E Plan and the
4 CPUC Plan).

5 (4) **Voting Deadline** [end of 8-week period beginning on the Solicitation
6 Commencement Date]: Pursuant to Bankruptcy Rule 3017(c), persons entitled to vote, in
7 order for the Voting Agent to count their votes, must properly complete, execute, and deliver
8 their Voting Ballots to the Voting Agent or, in certain cases, to their nominee holder by mail,
9 overnight mail, or personal delivery so that the Voting Agent or nominee holder, if
10 applicable, receives such Ballots no later than 5:00 p.m. Eastern Time on August 9, 2002
11 (the "Voting Deadline"), unless the Bankruptcy Court extends the Voting Deadline.
12 Nominee holders shall have up to three additional business days to transmit Master Ballots
13 to the Voting Agent. The Voting Agent must, however, receive all Master Ballots no later
14 than 5:00 p.m. Eastern Time on the third business day after the Voting Deadline.

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VI.

TABULATION PROCEDURES.

A. Claim Amount.

For purposes of tabulating the votes of creditors and interest holders with respect to acceptance or rejection of the PG&E Plan, PG&E proposes to specify each creditor's or interest holder's PG&E Voting Class under the PG&E Plan and undisputed claim or interest amount. Likewise, for purposes of tabulating the votes of creditors and interest holders with respect to acceptance or rejection of the CPUC Plan, the CPUC proposes to specify each creditor's or interest holder's CPUC Voting Class under the CPUC Plan and undisputed claim or interest amount. Movants submit that voting creditors and interest holders may vote only the undisputed portion of their respective claims and interests, unless otherwise ordered by the Bankruptcy Court. The claim or interest amount eligible to vote shall be based on one of the following:

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- (i) The amount set forth on a filed proof of claim or interest which: (a) is not the subject of a pending objection (or, if the subject of a pending objection, to the extent not subject to objection); (b) has not been disallowed, disqualified, and reduced; and (c) has not been estimated and/or temporarily allowed for voting purposes prior to the Voting Deadline;
- (ii) The amount set forth as a claim or interest in PG&E's Schedules as not contingent, unliquidated, or disputed (excluding scheduled claims that have been superseded by filed claims) which (a) is not the subject of a pending objection (or, if the subject of a pending objection, to the extent not subject to objection); (b) has not been disallowed, disqualified, and reduced; and (c) has not been estimated and temporarily allowed for voting purposes prior to the Voting Deadline;
- (iii) The amount estimated and/or temporarily allowed for voting purposes prior to the Voting Deadline with respect to a claim or equity interest pursuant to an order of this Court; or
- (iv) For securities claims and equity interests, the amount evidenced by the records of the trustee or transfer agent, as well as the records of The Depository Trust Company, Euroclear, Clearstream, or of the individual nominees holding the securities, except that in no event shall a nominee be entitled to vote in excess of its position in The Depository Trust Company or as a registered holder.

For claims allocated among different PG&E Voting Classes or among different CPUC Voting Classes, as the case may be, the holders of such claims will receive separate Voting Ballots for each PG&E Voting Class or CPUC Voting Class, as the case may be. Such claimants will accordingly be entitled to vote in more than one PG&E Voting Class or CPUC Voting Class, as the case may be, based on the amount of their claim attributable to each PG&E Voting Class or CPUC Voting Class, as the case may be.

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1 B. Vote Tabulation.

2 Pursuant to Sections 105 and 1126 of the Bankruptcy Code, the Movants request
3 that the Bankruptcy Court approve the following vote tabulation guidelines:

4 (i) The Voting Agent shall not count any Voting Ballot that does not indicate
5 an acceptance or rejection of one or both Plans;

6 (ii) The Voting Agent shall not count any Voting Ballot that is returned to the
7 Voting Agent unsigned;

8 (iii) Pursuant to Rule 3018(a), the Voting Agent shall count only the first timely
9 Voting Ballot it receives from a creditor or interest holder, unless, “[f]or cause shown,” this
10 Court “after notice and hearing” permits such creditor or interest holder to “change or
11 withdraw an acceptance or rejection”;

12 (iv) The Voting Agent shall not count any Voting Ballot that is received after
13 the pertinent voting deadline even if postmarked or otherwise sent prior to such deadline,
14 unless the Bankruptcy Court extends such deadline;

15 (v) The Voting Agent shall not count any Voting Ballot that the Voting Agent
16 determines is not legible;

17 (vi) The Voting Agent shall not count any Voting Ballot transmitted via
18 facsimile or any other electronic means, except for voting confirmations received from
19 Euroclear or Clearstream which may be transmitted electronically as customary;

20 (vii) The Voting Agent shall not count any individual Voting Ballot that purports
21 to partially accept and partially reject one or both of the Plans; each creditor or interest
22 holder shall therefore vote all of a claim or interest within a particular PG&E Voting Class
23 or CPUC Voting Class either to accept or reject one or both of the Plans (i.e., shall have a
24 separate and independent vote on each of the PG&E Plan and the CPUC Plan and must vote
25 all of a claim or interest to accept or reject the PG&E Plan and/or to accept or reject the
26 CPUC Plan, as the case may be) or the Voting Agent will not count the Voting Ballot;

27 (viii) The Voting Agent shall not count any Voting Ballot of a creditor or interest
28 holder that is duplicative of a Voting Ballot of another creditor or interest holder;

1 (ix) Each creditor or interest holder shall be deemed to have voted the full
2 amount of its undisputed claim or interest as of the Voting Record Date, within a particular
3 PG&E Voting Class or CPUC Voting Class, as shown on the records provided to the Voting
4 Agent, except that, in the event of a conflict, the official records provided to the Voting
5 Agent shall prevail; and

6 (x) To the extent that there are over-votes submitted by a nominee holder on the
7 Master Ballot or prevalidated ballots (or over-votes on the Master Ballot are not reconcilable
8 prior to the vote certification) with respect to a Plan, votes to accept or reject one or both of
9 the Plans shall be applied by the Voting Agent in the same proportion as the votes to accept
10 or reject such Plan submitted on the Master Ballot or prevalidated ballots that contain the
11 over-vote, but only to the extent of the amount of votes to which such nominee holder is
12 authorized to submit as of the Voting Record Date.

13 (xi) For the purposes of tabulating the preferences of those PG&E and CPUC
14 Classes entitled to express a preference, a preference will only be counted if the creditor or
15 equity security holder votes in favor of both Plans and expresses a preference for only one of
16 the Plans.¹⁰

17 The Movants submit that the tabulation procedures set forth above are necessary
18 to avoid any confusion resulting from incompletely or inconsistently executed ballots.

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20 VII.

21 CONFIRMATION HEARING.

22 Pursuant to Bankruptcy Rule 2002(b), each of PG&E and the CPUC will provide
23 creditors and interest holders not less than 25 days' notice of the time fixed for filing
24 objections to, and the hearing on, confirmation of the PG&E Plan and the CPUC Plan,
25 respectively. The Movants will include in the materials sent to creditors and equity security
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27 ¹⁰In the case of Classes 3a, 3b and 4a, creditors and interest holders are deemed to have
28 voted to accept the CPUC Plan.

1 holders the Notice of Orders. In addition, the Movants propose to publish the Notice of
2 Orders for purposes of, inter alia, providing notice to creditors and other interested parties
3 who are not readily identifiable or reachable, including:

4 (a) Creditors, interest holders, and other interested parties to whom no other
5 notice was sent in this case and who are unknown or not reasonably ascertainable
6 by PG&E or the CPUC; and

7 (b) Known creditors, equity security holders and other interested parties with
8 addresses unknown to PG&E or the CPUC.

9 The Movants propose to publish such Notice of Orders at least 25 calendar days prior to the
10 PG&E Plan and CPUC Plan Confirmation hearing in the following publications: Wall Street
11 Journal (National Edition); The New York Times (National Edition); San Francisco
12 Chronicle; Los Angeles Times; Bakersfield Californian; Fresno Bee; Modesto Bee; Press
13 Democrat (Santa Rosa); Sacramento Bee; San Jose Mercury News; and Stockton Record.

14 See Case Management Order, Ex. B (rev. June 14, 2001). The Movants submit that
15 publication of such Notice of Orders is adequate and sufficient notice to such creditors,
16 equity security holders and other interested persons under the circumstances.

17
18 VIII.

19 CONCLUSION.

20 The Movants have given notice of this Motion to the Creditors' Committee, the
21 United States Trustee, and each person or entity on the Special Notice List as established
22 pursuant to this Court's Case Management Order. The Movants submit such notice is
23 adequate under the circumstances.

24 WHEREFORE the Movants respectfully requests that this Court find that the
25 Notice of this Motion and opportunity for opposition thereto is appropriate under the
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1 circumstances and further requests entry of an order granting the relief sought herein and
2 such other and further relief as is just.

3
4 DATED: May 6, 2002.

Respectfully,
HOWARD, RICE, NEMEROVSKI, CANADY,
FALK & RABKIN
A Professional Corporation

By: James L. Lopes
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18 WD 050602/F-1419915/Y10/949594/v10

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14 RICE
15 NEMEROVSKI
16 CANADY
17 FALK
18 & RABKIN
19 A Professional Corporation

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1 circumstances and further requests entry of an order granting the relief sought herein and
2 such other and further relief as is just.

3
4 DATED: _____, 2002.

5 Respectfully,
6 HOWARD, RICE, NEMEROVSKI, CANADY,
7 FALK & RABKIN
8 A Professional Corporation

9 By: _____
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Exhibits are not attached to the service copies of this document. You may obtain copies of the Exhibits in one of the following ways: through the “Pacific Gas & Electric Company Chapter 11 Case” link accessible through the Bankruptcy Court’s website (www.canb.uscourts.gov), or by written request to Howard, Rice, Nemerovski, Canady, Falk & Rabkin, Attn: Nathaniel H. Hunt, Three Embarcadero Center, 7th Floor, San Francisco, California 94111-4065