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7 PACIFIC GAS AND ELECTRIC COMPANY

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

11 In re

12 PACIFIC GAS AND ELECTRIC
13 COMPANY, a California corporation,

14 Debtor.

15 Federal I.D. No. 94-0742640
16

Case No. 01-30923 DM

Chapter 11 Case

Date: June 20, 2002

Time: 1:30 p.m.

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

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18 DECLARATION OF THOMAS A. JEREB IN SUPPORT OF MOTION
FOR AUTHORIZATION TO INCUR EXPENDITURES
19 RELATED TO THE FERC LICENSE APPLICATION
20 FOR HAMILTON BRANCH HYDROELECTRIC FACILITY
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DECLARATION OF THOMAS A. JEREB

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

As of
add:
Ridgely Hamilton

1 I, Thomas A. Jereb, declare:

2 1. I am the Senior Project Manager in the Power Generation Department for
3 Pacific Gas and Electric Company ("PG&E"), the debtor and debtor-in-possession in this
4 Chapter 11 case. I am the Project Manager for PG&E's preparation and filing of a re-
5 licensing application with the Federal Energy Regulatory Commission ("FERC") for certain
6 PG&E hydroelectric facilities that are part of the Upper North Fork Feather River Project
7 ("Feather River Project"). This declaration is submitted in support of PG&E's Motion for
8 Authorization to Incur Expenditures related to the FERC License Application for Hamilton
9 Branch Hydroelectric Facility (the "Motion"). Defined terms used herein shall have the
10 meanings set forth in the Motion. I make this declaration from personal knowledge, except
11 where otherwise noted, and if called as a witness, could and would testify competently to the
12 matters set forth herein.

13 2. The Hamilton Branch Hydroelectric Facility ("Hamilton Branch") is
14 located in Plumas and Lassen Counties, California, in the same general area as the PG&E
15 hydroelectric facilities that are part of the Feather River Project. FERC has previously
16 advised PG&E that Hamilton Branch did not require a FERC license. However, PG&E has
17 agreed to apply for a license for Hamilton Branch pursuant to Section VI. D.1. of the
18 Disclosure Statement. As part of my responsibilities as Project Manager for the Feather
19 River Project, I am responsible for fulfilling the commitment in the Disclosure Statement
20 regarding Hamilton Branch.

21 3. The first and most immediate step in preparing the application for a FERC
22 license is to perform environmental studies and prepare environmental reports (collectively,
23 the "Environmental Studies") for Hamilton Branch. The Environmental Studies are required
24 as part of the FERC-mandated "Environmental Report" to be included as part of the license
25 application, and include the following study areas: (i) water use and quality; (ii) fish, wildlife
26 and botanical resources; (iii) historical and archeological resources; (iv) recreational
27 resources; and (v) land management and aesthetics. After the Environmental Studies are
28 completed, a draft of the license application, including the Environmental Report, must be

DECLARATION OF THOMAS A. JEREB

1 made available to various resource agencies (state and federal) and Indian tribes for
2 comment during a 90-day review period. In addition, PG&E typically makes the draft
3 license application available to the public for comment during this same time period.
4 Depending on the comments received, the Environmental Report may need to be amended
5 before it is filed with FERC.

6 4. PG&E intends to file its re-license application for the Feather River Project
7 with FERC by October 31, 2002. After the re-license application is filed and FERC has
8 reviewed it, FERC will establish a deadline for filing amendments to the application,
9 including an amendment related to Hamilton Branch. PG&E anticipates that the amendment
10 deadline may be set as early as June 1, 2003.

11 5. PG&E has hired a number of consultants to prepare the environmental
12 studies and reports required for the Feather River Project, and would like to use these same
13 consultants for the Environmental Studies required in connection with Hamilton Branch.
14 These consultants and their areas of expertise are set forth below. As the project proceeds, it
15 may be necessary to retain additional consultants that are not identified here. However, the
16 budget set forth herein includes anticipated expenses for all consulting work that may be
17 required in connection with the Environmental Studies.

18
19 Consultant Firm

Study Subject

20 Foster Wheeler Environmental Corp.
21 EDAW Inc.
22 Confluence Research and Consulting
23 Resource Decisions
24 ECORP Consulting, Inc.
25 Garcia and Associates
26 Spring Rivers Ecological Sciences
27 Hydroacoustic Technology, Inc.
28 Thomas R. Payne & Assoc.
Entrix, Inc.
Wreco
PAR Environmental
Albian Environmental

Land Use, Visual
Recreation
Boating and Fishing
Recreation Economics
Aquatic
Amphibians and Rare Plants
Mollusk
Fish Entrainment
Fisheries and Water Temperature
Geomorphology
Sediments and Erosion
Prehistoric and Historic Resources
Cultural Resources

6. PG&E estimates that the total expenses for the Environmental Studies and
any related follow-up work will be approximately \$1 million.

7. Because the consultants described above are already under contract with PG&E for similar work in connection with the Feather River Project, PG&E believes that the overall costs of preparing an application for a FERC license for Hamilton Branch can be minimized by amending the Feather River Project application to add Hamilton Branch, and by using these same consultants.

8. The work required to perform the Environmental Studies is season-dependent. Many of the studies must be commenced prior to the summer season or they risk being delayed an entire year. If the Environmental Studies are not performed during the summer of 2002, the delay could jeopardize Gen's ability to apply for a FERC license for Hamilton Branch in a timely manner. Therefore, it is critical that this work begin now, in advance of Plan confirmation.

9. To the extent that subsequent events demonstrate that the Environmental Studies will not be necessary, the work can be terminated immediately. PG&E's standard contractual provisions in place with the consultants listed above do not guarantee any future work or any minimum amount of revenue. PG&E also maintains the right to terminate the contracts at any time without cause, in which case PG&E is liable only for the work performed to the date of termination plus costs reasonably incurred by the consultants in terminating any work in progress.

I declare under penalty of perjury of the laws of the United States that the foregoing is true and correct, and that this declaration was executed at San Francisco, California on May 31, 2002.

Thomas A. Jerab
THOMAS A. JERAB

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