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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
17 PACIFIC GAS AND ELECTRIC
18 COMPANY, a California corporation,
19 Debtor.
20 Federal I.D. No. 94-0742640

Case No. 01 30923 DM

Chapter 11 Case

Date: June 27, 2002

Time: 1:30 p.m.

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

21 DECLARATION OF LESSLY ANN WIKLE IN SUPPORT OF MOTION OF
22 PACIFIC GAS AND ELECTRIC COMPANY FOR CLARIFICATION OF
23 ORDER AUTHORIZING DEBTOR TO PAY CERTAIN CATEGORIES OF
24 PRE-PETITION CLAIMS; MEMORANDUM OF POINTS AND
25 AUTHORITIES IN SUPPORT THEREOF

26 [NOTICE OF MOTION AND MEMORANDUM OF POINTS AND
27 AUTHORITIES FILED CONCURRENTLY HEREWITH]
28

WIKLE DECL. ISO MOT. FOR CLARIFICATION OF ORDER RE PRE-PETITION CLAIMS

A001 Add: Ridslog Mail Center

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

1 I, Lessly Ann Wikle, declare as follows:

2 1. I am a Principal Project Manager employed by Pacific Gas and Electric
3 Company ("PG&E"). As such, my responsibilities include management of the claims
4 resolution process, and other projects related to PG&E's reorganization. I make this
5 Declaration based upon my personal knowledge of PG&E's general operations, upon my
6 review of PG&E's records concerning the matters stated herein, and upon information
7 provided to me by consultants employed by PG&E to assist in the examination of proofs of
8 claim filed in this case. If called as a witness, I could and would testify competently to the
9 facts stated herein.

10 2. I make this Declaration in support of PG&E's Motion for an Order
11 clarifying this Court's Order entered March 29, 2002 authorizing the Debtor to pay certain
12 pre-petition claims, including allowed claims of \$5,000 or less upon terms set forth in
13 PG&E's motion filed March 2, 2002 herein (the "Original Motion") (the "Motion").

14 3. Over 13,000 proofs of claim have been filed in this case. In order to
15 facilitate the efficient administration of the estate, PG&E sought and obtained the Court's
16 authorization to pay certain categories of pre-petition claims in advance of plan confirmation
17 and consummation by its Original Motion. On March 29, 2002, the Court entered its order
18 granting PG&E's Original Motion seeking leave to pay certain pre-petition claims, and
19 authorizing PG&E to pay undisputed claims of \$5,000 or less, among other claims, on an
20 expedited basis (the "March 29 Order"). However, the Original Motion inadvertently failed
21 to provide that claims of \$5,000 or less in Class 8 (Environmental, Fire Suppression,
22 Pending Litigation and Tort claims) and Class 12 (Workers' Compensation Claims) under
23 the Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and
24 Electric Company, dated April 19, 2002 (the "Plan") would *not* be paid on such an expedited
25 basis until they were resolved in an appropriate forum.¹ The Plan provides that such classes
26

27 ¹Capitalized terms not defined herein shall have the meaning ascribed to them in the
28 Plan.

1 of claims will “pass through” PG&E’s bankruptcy and be liquidated and paid as if PG&E’s
2 bankruptcy case had not been commenced.

3 4. While the Court has authorized PG&E to pay all claims of \$5,000 or less
4 regardless of their classification under the Plan, PG&E now seeks that the Court’s March 29
5 Order be clarified to specify that such ruling does not extend to claims in Class 8 or Class 12
6 of \$5,000 or less, except to the extent that PG&E has already settled (or will settle in the
7 future) such claims for an amount of \$5,000 or less. This approach will enable relatively
8 small claims in Class 8 and Class 12 to be treated consistently with all other similarly
9 situated claims in such classes—that is, that they will pass through PG&E’s bankruptcy
10 unaffected thereby and be satisfied as they are resolved in an appropriate forum. PG&E
11 submits that this practical and efficient approach will provide consistency in the treatment of
12 Class 8 and Class 12 claims, while not detracting from the overall efficiency promoted by
13 the Court’s March 29 Order allowing early payment generally of certain claims.

14 5. Moreover, the proposed relief will obviate the need for PG&E to file
15 objections to approximately 600 claims. In the Original Motion, PG&E sought to pay all
16 “undisputed claims” of \$5,000 or less—i.e., those that were not subject to a pending
17 objection—and did not distinguish between claims of \$5000 or less in Class 8 and/or Class
18 12 under the Plan and claims of \$5,000 or less classified in all other classes, which are not
19 “pass through” claims. PG&E’s claims analysis shows that there are 577 Class 8 claims that
20 are \$5,000 or under, and there are 27 such claims in Class 12. To the extent that the March
21 29 Order is not clarified, PG&E faces the prospect of being required to file objections to
22 those Class 8 and Class 12 claims that PG&E believes are invalid, even though the Plan
23 contemplates that any disputes with respect to such claims will be determined in the
24 appropriate non-bankruptcy forum. The relief PG&E seeks will save the estate and the
25 claimants the needless effort and expense that would be incurred if objections were required,
26 as well as avoiding the unnecessary consumption of scarce judicial resources. PG&E
27 requests, however, that the Court’s order on this Motion not affect PG&E’s authority to pay
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1 such claims to the extent that they are resolved prior to the Effective Date.²

2 I declare under penalty of perjury under the laws of the United States of America
3 that the foregoing is true and correct. Executed this 6th day of June, 2002, at San Francisco,
4 California.

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6 By: Lesly Ann Wikle
LESSLY ANN WIKLE

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14 HOWARD
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& RABKIN

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25 ²PG&E proposes that the Court's Order amending the March 29 Order provide as
26 follows: "PG&E is authorized to pay allowed pre-petition claims of \$5,000 or less (or which
27 are voluntarily reduced by the claimant to \$5,000), undisputed mechanics' lien claims, and
28 undisputed reclamation claims, on or before July 31, 2002, on and subject to the terms set
forth in the Motions filed March 5, 2002 and June 7, 2002." (amended language
emphasized)