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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: September 4, 2002
Time: 9:30 a.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, California

21 DECLARATION OF MY NGUYEN IN SUPPORT OF
22 MOTION FOR AUTHORITY TO INCUR
23 MISCELLANEOUS IMPLEMENTATION EXPENSES

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

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1 I, My Nguyen, declare:

2 1. I am employed by Pacific Gas and Electric Company ("PG&E"), the debtor
3 and debtor-in-possession in this Chapter 11 case. I hold the position of Principal Project
4 Manager in PG&E's General Services Department (the General Services Department is
5 responsible for PG&E's facilities, fleet and materials management). In this position, I am
6 responsible for managing the implementation of PG&E's proposed Plan of Reorganization
7 (as amended from time to time, the "Plan") with respect to General Services. I oversee and
8 supervise the General Service teams assigned to Plan implementation, and coordinate and
9 facilitate schedule and budget activities and tasks related thereto.

10 2. This declaration is submitted in support of PG&E's Motion for Authority
11 to Incur Miscellaneous Implementation Expenses (the "Motion"). Defined terms used herein
12 shall have the meanings set forth in the Motion. I make this declaration based on personal
13 knowledge, except where otherwise indicated, and if called as a witness, could and would
14 testify competently to the matters set forth herein.

15 3. Facilities. Immediately after the Plan is implemented, many of the New
16 Entities' operations will be carried out in space obtained, on a temporary basis, from PG&E,
17 while more permanent space for the New Entities is located and made ready for occupancy.
18 In many cases, employees of both PG&E and the New Entities may work on the same floor
19 or within the same work area. However, due to the confidential and sensitive nature of
20 certain work and work materials (e.g., financial planning and work involving confidential
21 customer information or attorney-client privileged material), certain groups of employees of
22 PG&E and the New Entities cannot be located within the same floor or work area. PG&E
23 has identified suitable space for these employees, one of several floors leased by PG&E at
24 123 Mission Street, San Francisco, which is not currently in use by PG&E as office space.
25 At present, this floor is not ready for occupancy and requires tenant improvements. PG&E
26 estimates that it will take approximately four months to prepare the floor for occupancy;
27 each of the projects described below are incremental steps in this process, listed in the order
28 in which the work will be performed. PG&E employees will perform the necessary design

1 work, but outside consultants are needed to complete the preparation of this floor for
2 occupancy, as follows:

3 a. Floor Preparation Work: ML Office Services will clear the floor and
4 prepare it for the construction work described below, for an estimated cost of \$1,200.

5 b. Construction Work. Paradigm General Contractors, a construction firm,
6 will adjust the interior spaces to allow for furniture placement, construct partitions and make
7 other necessary tenant improvements to prepare the space for occupancy by the time of
8 separation. The estimated cost for the construction work is \$115,000.

9 c. Office Furniture. Contract Office Group, an office furniture representative,
10 will provide and install office furniture at an estimated cost of \$175,500.

11 d. Telecommunications equipment. PG&E intends to purchase
12 telecommunications equipment from Anixter, Inc. at a total cost not to exceed \$14,080.
13 PG&E employees will install the equipment after the furniture has been installed.

14 4. In the event that the Plan is not confirmed, PG&E anticipates that it will be
15 able to use the office space, office furniture and telecommunications equipment described
16 above for its own business purposes.

17 5. Fleet Vehicle Transfer. PG&E estimates that approximately 2,500 of
18 PG&E's vehicles will be transferred to the New Entities. The process of transferring title to
19 these vehicles must begin soon due to the volume of transfers. The transfers involve pulling
20 title records, preparing title transfer documents, correcting any errors in registrations or other
21 documents, preparing bills of sale, preparing and submitting a request to the bank for lien-
22 holder releases for the vehicles, and preparing a request to the Department of Motor
23 Vehicles to transfer the titles. Although the actual requests to transfer title will not be
24 submitted to the DMV until after the Plan is confirmed, the preparatory work must begin
25 promptly as it may take up to 3 months. Therefore, PG&E requests approval for the
26 following expenditures:

27 a. Project Management. Stan Miyamoto will provide project planning,
28 management and scheduling services for this project. Mr. Miyamoto currently works as an

1 employee of Source One but intends to form a consulting firm, Stan Miyamoto Consulting,
2 effective August 31, 2002. The total estimated cost for this work is \$35,600. Pursuant to the
3 Motion for Authorization to Incur and Pay Certain Procurement Expenses, approved by
4 Order entered on May 20, 2002, the Court previously approved project management
5 expenses for Mr. Miyamoto. Through a misunderstanding of the coverage of the prior
6 Order, PG&E employees requested that Mr. Miyamoto also begin project management
7 services for the vehicle transfer project. As of August 15, 2002, PG&E has incurred \$12,200
8 in expenses for Mr. Miyamoto's services on the vehicle transfer project. The foregoing
9 amount is included in the total estimate of \$35,600 set forth above.

10 b. Administrative Resources. PG&E will hire three consultants from Corestaff
11 Services, Inc. ("Corestaff"), a staffing agency, to pull title records, prepare title transfers,
12 clean up any errors in registrations, prepare bills of sale, and prepare lien holder release
13 documentation. The total estimated cost for this work is \$19,200.

14 6. Materials Distribution Center. The New Entities will require a centralized
15 materials distribution center ("Distribution Center") to maintain an inventory of necessary
16 equipment, parts and supplies, and to distribute equipment, parts and supplies as needed to
17 field offices. Immediately following the Plan Effective Date, PG&E intends to provide
18 materials distribution services to the New Entities out of its three existing centers, pending
19 completion of a separate Distribution Center for the New Entities. Currently, PG&E's
20 materials distribution centers use a customized inventory system, the Warehouse
21 Management System ("WMS"), which interfaces with SAP (the system that includes
22 accounting and purchasing functions). During the period in which the New Entities will be
23 served out of the same centers as PG&E, the New Entities will not use the WMS, which has
24 been customized specifically for PG&E and would be costly and difficult to adapt for use by
25 the New Entities. Rather, the New Entities will use the SAP Materials Management System,
26 a standardized part of the SAP system (PG&E employees will perform the services
27 necessary to configure the Materials Management System for use by the New Entities).

28 7. PG&E requires the assistance of consultant Stan Miyamoto to provide

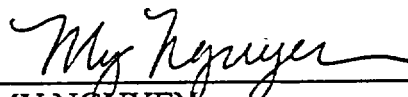
1 project management services related to materials distribution, including the management,
2 planning and scheduling related to making arrangements for the temporary use of PG&E's
3 facilities by the New Entities, and the preliminary planning for locating and setting up a
4 Distribution Center for the New Entities. Specifically, Mr. Miyamoto will assist PG&E
5 personnel with the following activities: (a) planning the mechanics of moving goods and
6 managing two separate inventories; (b) providing information to the PG&E employees
7 working on the Materials Management System; (c) developing temporary work procedures
8 for the distribution centers; (d) testing the Materials Management System for use by the New
9 Entities; and (e) scheduling, tracking and reporting to PG&E on the progress of this project.
10 This work is expected to take up to 6 months to complete. PG&E seeks to employ Stan
11 Miyamoto for the services described above for a total estimated cost of \$30,000. Mr.
12 Miyamoto has already begun limited work on this project. As of August 15, 2002, PG&E
13 has incurred \$1,958 in expenses for Mr. Miyamoto's services. The foregoing amount is
14 included in the total estimate of \$30,000 set forth above.

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15 8. PG&E's standard contractual provisions in place (or to be included in any
16 contracts to be executed) with the various consultants and consulting firms identified above
17 do not guarantee future work or any minimum amount of revenue. PG&E also maintains the
18 right to terminate the work at any time without cause, in which case PG&E is liable only for
19 work performed to the date of termination plus costs reasonably incurred by the consultant in
20 terminating any work in progress.

21 9. The cost estimates set forth herein are based on PG&E's initial scoping of
22 the project requirements and negotiations with the consultants who have been selected to
23 perform the services.

24 I declare under penalty of perjury of the laws of the United States that the
25 foregoing is true and correct, and that this declaration was executed at San Francisco,
26 California on August 15, 2002.

27 
28 _____
MY NGUYEN

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DECLARATION OF MY NGUYEN