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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 Case No. 01-30923 DM

21 Chapter 11 Case

22 Date: September 4, 2002

23 Time: 9:30 a.m.

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

26 Federal I.D. No. 94-0742640

27 DECLARATION OF LANCE MAEDA IN SUPPORT OF
28 MOTION FOR AUTHORITY TO INCUR
MISCELLANEOUS IMPLEMENTATION EXPENSES

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

DECLARATION OF LANCE MAEDA

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1 I, Lance Maeda, 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 have been employed by PG&E since
4 1996 and hold the position of Director of Application Development & Support. In this
5 position, I am responsible for technical oversight of information technology ("IT") software
6 projects within PG&E's Information Systems and Technical Services Organization; I also
7 have company-wide responsibilities in the IT area, including responsibility for creating and
8 implementing plans, policies and procedures for PG&E's IT software activities and for
9 supervising employees engaged in systems development and support functions. In
10 connection with implementation of PG&E's proposed Plan of Reorganization (as amended
11 from time to time; the "Plan"), my specific responsibilities include: identification of
12 applications that will be needed by the New Entities, integrated testing of applications
13 migrating from PG&E to the New Entities, and defining security strategies for applications
14 to be used by the New Entities.

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

20 3. Intranet Development. As indicated in PG&E's previous Motion to Incur
21 Information Technology Consulting Expenses, PG&E will use IT consultants to create an
22 Intranet for the New Entities. The existing PG&E Intranet is an essential tool for employees,
23 functioning as a centralized portal and repository for accessing web-enabled applications and
24 providing employees with tools, services and information needed for daily business
25 operations, (e.g., timesheets; job bidding; electric control systems; safety, health and claims
26 policies and procedures; employee benefits and payroll information; and regulatory and
27 compliance information). To enable the employees of the New Entities to create, maintain
28 and publish Intranet content for all of the foregoing purposes, PG&E will obtain software

1 licenses for TeamSite and Open Deploy. TeamSite is document management software that
2 allows for construction of document templates and storage of Internet content. Open Deploy
3 is software that allows for content updating to an Internet server. PG&E will also require the
4 services of IT consultants to configure and install this software. The IT consultants will also
5 develop content templates (to ensure consistency of format used for data entry onto Internet-
6 enabled forms), migrate approximately 200 pages of content from PG&E's existing Intranet
7 to the New Entities' Intranet, and provide training materials.

8 4. The software licenses will be obtained from Interwoven, Inc., a software
9 vendor, at a cost of approximately \$85,000. For the consulting work, PG&E will utilize
10 approximately 10 technical consultants to be hired through Sapient, a firm specializing in
11 application development and software package integration, at an estimated cost of \$300,000.
12 Because the Intranet will provide critical information and functions for employees of the
13 New Entities, PG&E believes that the new Intranet must be operational in advance of the
14 Effective Date under the Plan (the "Plan Effective Date"). The work to be performed by
15 Sapient is expected to take two months for completion. In addition, PG&E anticipates that
16 the software products will not be delivered for at least one month after PG&E places its
17 order, following approval of this Motion. Finally, after completion of the work to be
18 performed by Sapient, PG&E will require additional time to complete the content
19 development process for the new Intranet.

20 5. Application Integration. One of the key business systems utilized
21 throughout PG&E today is the SAP system, which includes accounting and purchasing
22 functions. PG&E intends to build a second copy of the SAP system to manage the
23 operations and accounting functions for the New Entities. The New Entities will also be
24 using two other key business systems: (i) the human resources management system
25 ("HRMS"), a human resources and payroll management system (PG&E previously obtained
26 the Court's approval to pay consulting fees in connection with the implementation of the
27 HRMS); and (ii) the Plant Information Management System ("PIMS") currently used by the
28 Diablo Canyon Power Plant. These three critical business systems must all be integrated

1 (i.e., connected so that information can be shared and distributed between and among the
2 three systems) in order for the New Entities to effectively utilize these systems. The
3 integration of these systems requires certain integration technology, as described below,
4 without which PG&E would need to develop custom interfaces to accomplish the data
5 sharing at a higher cost and without the level of flexibility provided by the integration
6 technology.

7 6. In order to accomplish the systems integration, PG&E will purchase
8 software licenses from BEA Systems, Inc., a software applications consulting firm, for a cost
9 of approximately \$66,600. The software includes BEA WebLogic JCA Adapter for
10 Mainframe and BEA WebLogic Utility Adapter Package as well as maintenance support for
11 these products. The software licenses will be transferable to the New Entities. In addition, a
12 technical consultant will be needed to assist with the integration (including design, set-up
13 and testing of the various software products), and the design, building, testing and
14 implementation of the interfaces between SAP, HRMS and PIMS. The consultant will also
15 provide on-site training. The consultant will be hired from BEA Systems, Inc. at an
16 estimated cost of \$200,000.

17 7. The New Entities will require the integration of these three key systems in
18 advance of the Plan Effective Date in order to commence business operations. The work to
19 be performed by BEA is expected to take two months for completion and will begin within
20 one month following approval of this Motion. After completion of the work to be performed
21 by BEA, PG&E will require additional time, in advance of the Plan Effective Date, to ensure
22 that the systems integration is fully functional.

23 8. Investor Relations Website. Currently, PG&E's parent corporation, PG&E
24 Corporation, has a website with an investor relations section that is used daily by large
25 numbers of shareholders, bondholders and other interested parties seeking accurate and
26 current financial information about PG&E Corporation and its subsidiaries, including
27 PG&E. By the Plan Effective Date, PG&E and PG&E Corporation will be legally separate.
28 Under the Plan, separate shares of stock in PG&E will be distributed to all those holding

1 stock in PG&E Corporation. Since the stock will be freely traded, there will be two different
2 groups of shareholders in the two corporations, as well as distinct groups of bondholders and
3 other investors. PG&E's website will be independent of PG&E Corporation's website, and
4 each will need to have a separate investor relations section containing current and accurate
5 information for shareholders, investors and other interested parties who rely on the websites
6 for this information.

7 9. Everse Corporation, a web design and development firm, will be utilized to
8 design a new investor relations section of the PG&E website. The number of Everse
9 employees who will work on this project will vary at different phases of the project, but it is
10 expected that two to four individuals will be working on the project at any given time,
11 including website designers, programmers, project leaders and production artists. The Everse
12 employees will gather information about business requirements, design the new investor
13 relations section of PG&E's website, code the applications and content (including both text
14 and graphics) for the site pages, integrate the content with the current website content, train
15 PG&E employees to use and update this section of the website, and arrange for the site
16 pages to be available to members of the public visiting PG&E's website. The total estimated
17 cost for this work is \$105,000. In order for the investor relations portion of PG&E's website
18 to be fully operational by the Plan Effective Date and to begin providing information to
19 investors following confirmation of the Plan, it is necessary that the work begin promptly.
20 PG&E expects that this project will take approximately three months for completion.

21 10. PG&E's standard contractual provisions in place (or to be included in any
22 contracts to be executed) with Sapient, BEA Systems, Inc. and Everse Corporation do not
23 guarantee future work or any minimum amount of revenue. PG&E also maintains the right
24 to terminate the work at any time without cause, in which case PG&E is liable only for work
25 performed to the date of termination plus costs reasonably incurred by the consultant in
26 terminating any work in progress.

27 11. The cost estimates set forth herein are based on PG&E's initial scoping of
28 the project requirements and negotiations with the consultants who have been selected to

1 perform the services.

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

Lance H. Maeda

LANCE MAEDA

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13 HOWARD
14 RICE
15 NEMEROVSKI
16 CANADY
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